

ONE COUNTRY TWO SYSTEMS

**MAINLAND CHINA'S POLICY TOWARDS REUNIFICATION
WITH TAIWAN 1979 - 89**

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ABSTRACT

This research examines mainland China's reunification policy towards Taiwan with a particular focus on the years of 1979-1987. Following the establishment of Sino-U.S. diplomatic relations in January 1979, Communist leaders in Beijing carried out a series of intensive campaigns to woo the Nationalists in Taiwan to accept peace talks and to re-unify Taiwan and mainland China under the formula of "One Country Two Systems". The formula implies that, after unification, two different systems will remain - Socialism on the mainland and Capitalism in Taiwan for at least 50 years. Although Beijing's reunification policy has been further developed and persistently propagated, its efforts, so far, have met with little success. The Taiwan issue is by no means solved, nevertheless, the peaceful initiatives from Beijing have significantly changed Taiwan-China relations as well as the situation in East Asia.

The questions this study is seeking to answer are: What are the origins and development of contention over the issue of Taiwan? In the period of 1979-87, what have been the main factors which have led China's decision-makers to change their position on Taiwan from that of an antagonist seeking military liberation to one of a seeming conciliator seeking benign-sounding peaceful reunification? To what extent has the "One Country Two Systems" policy been effective in shaping Taiwan-China relations? In what sense does the policy theoretically and practically modify the continuing contest over the separation of Taiwan and China? Internationally, how has the "One Country Two Systems" formula been applied to solve the issues of Hongkong and Macao, as they have become important models for the future settlement of the Taiwan problem? And how has the policy been conditioned by Washington-Beijing and Washington-Taibei relations? Because these questions are closely interlinked, the study makes detailed review from international and intranational perspectives so as to disentangle the complexities of the Taiwan issue.

Although the policy readjustment made in 1987 by the Taipei government in response to the PRC peaceful proposal signalled a crucial change on the route of China's national reunification and in relations between Taiwan and the mainland, the One Country Two Systems formula, as the study argues, has continued to fall short of providing an acceptable political solution of the Taiwan issue. However, as long as the Chinese Communists are in power, it seems certain that the formula will be maintained as their paramount principle for managing China-Taiwan relations.

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INTRODUCTION

The reunification of Taiwan with mainland China is a complex issue in Chinese politics as well as in international relations. The issue not only has broad political, economic, strategic and moral ramifications for the People's Republic of China (PRC) and Taiwan, but it also contains crucial factors which potentially could destabilise the area of East Asia. Ever since the founding of the PRC in 1949, relations between Taiwan and mainland China have been hostile, as their rulers each vowed to annihilate the other side. All peaceful and, indeed, non-peaceful, efforts in the search for an acceptable and lasting solution which would allow the two communities to live in tranquillity, or provide a consensus in the international domain, have so far failed to produce results. However, the establishment of Sino-American diplomatic relations in early 1979 created a new situation in the Taiwan Straits area, enabling the Chinese Communists to present to their long-term enemy, the Nationalists, an ostensibly benign initiative for the reunification issue.

In proposing a peaceful settlement of the question of China's reunification, the PRC relinquished the long-familiar cry of "liberating Taiwan by force" and adopted instead a new, sweet-sounding term "peaceful reunification of the motherland". The new initiative by mainland China for reunification with Taiwan was soon to be encapsulated in the formula "One Country Two Systems".

Despite the principle that Socialist China should not accommodate within itself a centre of Capitalism, the urge for national unity has pushed the Communist Party of China (CPC) to make, what from its perspective, is a major concession on this point: that as long as Beijing's claim to sovereignty over Taiwan is acknowledged, the PRC will allow Taiwan to retain its existing political & economic system. So, by putting together the terms of One Country and Two Systems, the CPC is proclaiming its pledge that the two different systems - Socialism in mainland China and Capitalism in Taiwan (and in Hongkong & Macao) will be maintained for a certain period under the aegis of the PRC.

This study examines the origins and development of the PRC's reunification policy towards Taiwan, focusing particularly on the years of 1979-87. Since the PRC's reunification policy is intricately tied to other factors, such as political legitimacy (or the mandate for ruling China), Beijing's external relations, national security and territorial integrity, the following matters will be treated in detail: the origins and character of the Taiwan issue, including the historical evolution of relations between Taiwan and mainland China; the reasons that have led the PRC leaders to change their position on Taiwan from that which envisaged a military solution to a benign-sounding peaceful reunification; the development of the policy within the PRC in the course of the last decade and the impact of the new approach on the conduct of relations between Taiwan and the mainland during that period; the repercussions of the One Country Two Systems proposal, which have modified the contest over the separation of Taiwan and China and

shaped relations between these two areas. The study also examines how the One Country Two Systems policy has been applied to solve the issues of Hongkong & Macao, and, more broadly, how the policy has been affected by the interactions of Beijing-Washington and Washington-Taibei relations in that decade.

The issue by the Standing Committee of the National People's Congress of "A Message to Compatriots of Taiwan" on Jan. 1, 1979, marked a significant gesture of reconciliation by the PRC towards the Taipei authorities over the problem of Taiwan. In response to Beijing's peaceful proposal, and associated with the development towards a greater degree of democracy, the KMT government finally reviewed its mainland policy in 1987. Taking into account the extensive reforms that had taken place in the mainland, it allowed its people to visit Communist China. This move, as later shown, was a vital turning-point in Taiwan-mainland relations. Even though the research is mainly concerned with the PRC's policy towards the reunification with Taiwan in the period of 1979-87, it is not only necessary, but important to retrace what had happened before 1979. On the other hand, while analysing the One Country Two Systems policy, it seems inevitable that, in some points, events occurring after 1987, which have been greatly influenced by the PRC proposal, should also be considered.

For over four decades, contention over the Taiwan issue has been enmeshed in the unfinished Chinese Civil War and complicated by the persistent involvement of foreign powers. This prolonged dispute has been contested in at least four interrelated arenas:

the global strategic arena; the arena of Sino-US bilateral relations, as they affect China's reunification; the arena of the dispute between the PRC in mainland China and the ROC on Taiwan; and the domestic politics of Beijing and Taipei. The issue of Taiwan first became embroiled in global strategic antagonisms in the 1950s, particularly during the Korean War and the Taiwan Straits crises. Changes in the strategic relations of the US with the PRC since the late 1960s gradually transformed the character of the Taiwan issue from the main subject of contention between Beijing and Washington to the "symbol" of their agreement to disagree. The improved Sino-US relations, following normalisation in early 1979, opened the door for Beijing to offer a peaceful solution to the Taiwan issue. However, the differences between Chinese reunification policy and the US commitments to (and its interests in) Taiwan were too wide for total reconciliation. In the 1980s, due to the decline of Soviet military expansion, the need for a US alignment with China to check the former USSR decreased, and the Taiwan issue was then marginalised into an East Asian regional problem. The sustained contention between the CPC and the KMT show that the Taiwan issue is itself interwoven with the Chinese power struggle for the mandate to rule a unified China, while the dissensions over when and how the issue should be settled, and who should have the ultimate right to govern the island, have exerted influence on the domestic politics of Beijing and Taipei. The rhetoric of the protagonists does not always reflect the actual realities and ambiguities of the situation. Furthermore, the existing secondary literature, often, tends to be too narrow in its focus. This study aims to take the

aforementioned four arenas as an analytical framework, so as to disentangle the complexities of the Taiwan issue.

After the PRC initiated the peaceful proposal for China's reunification, articles and comments on the issue, mainly echoing the official stances, poured out both in mainland China and on Taiwan. However, for political reasons, perhaps, a clear picture of three distinct periods in the CPC's attitude towards Taiwan was still lacking.(1) In order to assess the causes and effects of the One Country Two Systems policy and to explore the background of the PRC's changing attitude to Taiwan more thoroughly, a chronological review of the CPC's Taiwan policy has been made.

For the purpose of illuminating, specifically, the policy of One Country Two Systems towards Taiwan unification, the research concentrates mainly on: a review of the PRC's strategies for bringing Taiwan into its fold; an evaluation of Taiwan's official and non-official attitudes toward the China reunification issue; and an analysis of the international (the U.S.) involvement in the case of Taiwan. Mainland China, Taiwan, and the US being the main variables in the Taiwan issue, the wish of each of these three key players to proclaim its role in the resolution of the issue has brought about a series of interactions among the three parties.(2) Having looked into the advocacies of these three on the settlement of the dispute over the island, their convergences and divergences over the One Country Two Systems formula, one can see that they have truly reflected the continuities and changes of their policies towards Taiwan in the 1980s.

In the opening chapter, an attempt is made to discuss the key problems of the Taiwan issue. The problems, though controversial, reveal the essential characteristics of the chronic issue of Taiwan. The fundamental peculiarities not only show the complexities of the question, but also indicate what the Taiwan issue is really about. These problems can be identified as follows:

1). As the Taiwan problem has often been compared with the former Vietnam and German partitions, as well as the North-South Korean separation, how far can the Taiwan issue be categorised as the question of a divided country ?

2). Even though the majority of countries recognise the PRC as the lawful authority in China, when Beijing claims sovereignty over Taiwan, the major powers in the world community still perceive the international legal status of Taiwan as uncertain;

3). The difficulty which the PRC confronts, when nationalism is being argued to justify China's unification, while separatism (Taiwanese nationalism) is asserted by some people in Taiwan in defence of the idea of Taiwan independence;

4). To what extent the confrontations concerning Taiwan have become entrenched due to differences in the strategic interests of China and international powers;

5). And in what sense does the ideological conflict between Communism and Capitalism still endure in the disputes between the two regimes of the PRC and the ROC.

Chapter two outlines the historical development of the Taiwan issue before 1971. The four centuries of recorded history of Taiwan show that the crucial events which changed the history of

the island were decided in Amsterdam, Beijing, Tokyo, Cairo, Potsdam, San Francisco and Washington - never in Taipei. The historical international disputes over the island suggest that, though China has consistently claimed its right to repossess the island, international opinion has not shared China's view on this issue. The historical relationship between China and Taiwan was, by and large, not a happy one, but it lies at the root of this unresolved controversy.

Chapter three examines the Chinese Communist Party's policy towards Taiwan in the period before the adoption of the peaceful reunification concept of One Country Two Systems. In particular, it considers such initiatives as were taken towards Taiwan prior to open advocacy of reunification by peaceful means. Did these initiatives, in effect, pave the way for the change in policy that was announced in January 1979? In order to answer this question the chapter gives a brief account of the changes in the attitude of the CPC towards Taiwan, before and after it seized power. It discusses the impact of Sino-American reconciliation on the CPC's approach to Taiwan. It also examines the implications of the deaths of the two predominant leaders, Mao Zedong and Chiang Kai-shek, and the ensuing political changes in both capitals. Only against this background can the changing policy on reunification with Taiwan proposed by the CPC be properly scrutinised.

The fourth and fifth chapters look mainly at the formation and development of the policy of One Country Two Systems. In the last ten years, there have been two distinct, but continuing, phases in

Chinese strategy for reunification. From 1979 to 1984, the PRC intensively advocated a peaceful solution, and the concept of One Country Two Systems gradually took shape. In the years 1984 - 87, not only was the specific meaning and content of the policy confirmed by the Chinese government, but the formula also became a guideline for the transfer of Hongkong and Macao back to China. The One Country Two Systems formula, is no longer a concept or proposal but, rather, it has become a policy, with substantial content for the implementation of national reunification.

Chapter six analyses the policy of One Country Two Systems in the light of Sino-American relations. For decades, the US has been the only international power which has the will and capabilities to deter the PRC from a military venture to regain control over Taiwan: and the softening of the PRC's attitude towards the Taiwan issue was made possible, because of the accomplishment of the diplomatic normalisation between Beijing and Washington. To seek an understanding of the US moves and countermoves in dealing with the Taiwan issue, and of Sino-US bilateral relations, this chapter traces the interactions between Beijing's reunification formula and Washington's China policy in the last decade. Apart from the strategic significance of the position of Taiwan in Sino-American relations (including arms sales to Taiwan), the US policy makers' responses to the resolution of the Hong Kong issue and the emerging new trends of China/Taiwan relations under the guideline of One Country Two Systems, are also considered.

Chapter seven reviews Taiwan's reactions to the policy of One Country Two Systems. Since the PRC had been able to take the

initiative on the conspicuous reunification issue with a moderate proposal, the KMT government in Taiwan faced tremendous pressure for a thaw. But, the KMT was aware, in the early 1980s, that any sign of willingness to negotiate with the PRC would undermine its already isolated international status, and might cause domestic unrest. What reasons were given by Taipei for refusing to talk directly with Beijing? What conditions is the KMT asking for China's reunification? How has the KMT government tried to make its rigid foreign policy more flexible under the new internal and external situation created from the other side of the Taiwan Straits? What effect has the policy of One Country Two Systems had in changing Taiwan's self-defence strategy? And what repercussions would the policy of One Country Two Systems have on Taiwan's domestic political development? All these questions are actually raised by the strategic policy for peaceful unification proposed by the PRC, and are direct responses to what the Taipei authorities have interpreted as "the options for survival".

The concluding chapter summarises the main themes argued throughout the research and looks at the problems that the PRC will still have to confront regarding the reunification of Taiwan with China.

Finally, it is necessary to clarify the vexed problems of the transliteration of Chinese names and the translation of Chinese terms into English. The "Pinyin" system, which was standardised in the PRC, and is widely accepted in academic circles is still not in use in Taiwan. A further complication comes from the fact

that the "Gwoyue Juyin" system, developed and used in Taiwan, uses different spelling from both the "Pinyin" and the "Wade-Giles" systems: for example, Deng Xiaoping (Pinyin), Teng Hsiao-p'ing (Wade-Giles) and Deng Syau-ping (Gwoyue Juyin). In this research, Chinese names are transcribed in the "Pinyin" system, with the exception of some familiar forms which are customarily used in the English world: for instance, Mao Zedong, not Mao Tse-tung; but Chiang Kai-shek, not Jiang Jieshi, and Kuomintang not Guomindang. The translation of terminologies, in the thesis, also follows mainly the usage current in the PRC, not in Taiwan, e.g. "Tongyi" is translated as "reunification" in mainland China, but "unification" in Taiwan; "Zhongguo Dalu" is translated as "Mainland China" in China, but "the Chinese Mainland" in Taiwan. However, the terms CPC, the Beijing authorities, and the Chinese Communists, referring to the PRC are used interchangeably in the study, as are the terms Kuomintang(KMT), the Nationalists, and the Taipei authorities implying the Republic of China(ROC).The use of the term "Taiwan" has become ambiguous. It is no longer regarded by either side of Beijing and Taipei as simply a province of China, rather it is treated as a political entity that cannot yet be defined in international law and whose future is uncertain.

FOOTNOTES AND REFERENCES

1. The CPC's attitude towards Taiwan falls into three distinct stages: 1928-1949, China-Taiwan separation; 1949-78 liberation by force; and after 1979, peaceful reunification. For details refer to chapter 3.

2. As for less essential variables such as Sino-Japanese relations, Korean factors and the South China Seas dispute etc., their impacts on the issue of Taiwan are notable, but they seem unlikely to derail the course of Taiwan-China development, hence, will not be included in the study.

CHAPTER 1 : THE CHARACTER OF THE TAIWAN ISSUE

"The problem of Taiwan is a mixture of historical, political, national, international and ideological components; combined with psychological and even emotional factors affecting the people on both sides of the Taiwan Straits. Whether the strategic policy of One Country Two Systems, can solve this highly controversial problem has yet to be comprehensively discussed, and more time needs to be given to testing its likely durability."

..... *Extract from "Nature of The Taiwan Issue and The One Country Two Systems Policy", The Taiwan Veracity Monthly, November 1989.*

A. A CASE OF A DIVIDED NATION

"The regrettable issue of Taiwan is a festering tragedy of national division, which always tugs at heart-strings of the Chinese".(1) For the past four decades, many Chinese, especially the Chinese leaders in Beijing, have sentimentally lamented the agonising separation of Taiwan from China. Is the Taiwan question a unique case of an intolerable situation that only the Chinese people have to suffer ? The answer, obviously, is "no". In modern international relations, political partition is a common procedure for the establishment of new nation states in the international community and it has extensively re-shaped the world political map.(2) Indeed, apart from the new states created through peaceful processes, coercive political partition of countries has taken

place several times in the world community since World War II in attempts at conflict management. The latter have also become complicated international problems. These non-peacefully partitioned states are, therefore, denoted distinctively "divided nations". Furthermore, non-peaceful partition has usually occurred as a result of the conjunction of internal political division with international conflict. The best known examples include Germany, Korea and Vietnam. And the case of Taiwan is also, sometimes, included in this category.(3) The China/Taiwan separation was the result of the Chinese Civil War, as it later became embroiled in a larger international conflict.(4) For decades, it has clearly been an issue of political partition, notwithstanding its particularities, closely resembling numerous other cases in the modern world.(5)

In spite of the trends towards deeper interdependence and towards the globalisation of certain problems, notably those concerning the environment, the adhesion to statehood and territorial integrity has not diminished in intensity at all. Hence the problems of political partition have been to the forefront of many of the major international conflicts in the Cold War period and beyond. In fact, the intensity of the conflicts over the division of states or claimed political communities is such that short of forcible unification, as in Vietnam, or voluntary union as in Germany, any other alternative is often seen as temporary and contingent.

Political partition, according to Norman Pounds, is the division of a state, so that it loses its identity or even disappears from the political map; or, the creation of two or

more systems within a territory which had previously been subject to only one system.(6) A similar definition, given by Roy Johnston, states that: "Political partition is a legal, political and behavioural process, as opposed to a decision by which a group of people advocate disassociation from other groups and from the structural relationships within a particular society."(7) With reference to the above definitions, one could argue that political partition is a phenomenological process through which a people draws apart and attempts to secede, divorcing themselves from the problems and concerns of a "host society". The causes for the political partition, whether internally accompanied by a disjuncture of specific relationships with its old ties from a host society, or externally supported by the international influential powers to meet a particular international situation, give an impulse to fulfilling the goal of separation. Judging from the practical facts, political partition is also a method of gaining or re-establishing a majority status. For instance, when a minority group can detach itself from a big main group, and sets up an autonomous or even a semi-autonomous political unit, the members of the minority group will, ipso facto, be the ruling majority.(8)

The case of the political partition between Taiwan and mainland China is concerned, on the one hand, with political coercion from the Chinese authorities, asseverating the island as part of China, on the other hand, with demands for maintaining the ad hoc separation by many in Taiwan, for the purpose of gaining majority rule. The PRC and some of the ROC supporters in Taiwan regard the partition of Taiwan from China as an unbearable negation towards China's unity, while local Taiwanese expect the continuing polit-

ical separation to be the best opportunity for them to establish a new state on Taiwan.(9) Unlike the Taiwanese residents, none of the people of the other divided nations i.e., Korea, Germany and Vietnam, has ever specifically rejected the proposals and purposes of national unification. Perhaps that was the main reason why, nearly thirty years ago, L. Sulzberger did not even include the Taiwan/China separation in his article "New Labels for a New Era" - a pioneer research into the politics of divided nations.(10) The Taiwan issue has often been treated by scholars as a problem of nation-building or as a political arena in which local people are searching for their new state.(11)

The aforementioned particular points underline the complexities of the Taiwan issue, indicating the difficulties for the PRC in claiming that Taiwan is, apparently, recognised world-wide as a national division of China. Further notable differences single out the Taiwan/China partition from the other divided countries mentioned above. Taking the definitions of western language dictionaries or encyclopaedias, as general evidence, the lack of clarity and common perception in the international community on the issue of Taiwan as a divided nation is revealed. Collins Dictionary, for example, gives definitions of the aforementioned divided countries as follows:(12)

" Germany - a country in central Europe,..... defeated in World War II and divided by the Allied Powers into four zones, which became established as East and West Germany in the late 1940s."(Note: this definition should soon be changed.)

" Korea - a former country in East Asia, annexed to Japan in 1910 and divided in 1945 into two occupation zones (Russian in the north, American

in the south), which became North Korea and South Korea in 1948.

" Vietnam, or Viet Nam - a republic in SE Asia: an ancient empire conquered by France in the 19th century; occupied by Japan (1940-45.). In 1954 the country was divided along the 17th parallel, establishing North Vietnam and South Vietnam..... Following the withdrawal of U.S. troops and the eventual defeat of the South Vietnamese government..... In 1976 an elected National Assembly proclaimed the reunification of the country."

"China - 1. People's Republic of. Also called Communist China, Red China. a republic in E. Asia: third largest and most populous country in the world.....the People's Republic was formed in 1949. 2. Republic of. Also called: Nationalist China, Taiwan. a republic in E. Asia occupying the island of Taiwan, 13 nearby islands, and 64 islands of the Penghu(Pescadores) group: established in 1949 by the Nationalist government of China under Chiang Kai-shek after its expulsion by the Communists from the mainland; under U.S. protection 1954-79."

"Taiwan - An island in SE Asia between the East China Sea and the South China Sea, off the SE coast of the People's Republic of China: the principal territory governed by the Nationalist government of China. (emphasising underlines added.)

Despite the PRC and the ROC leaders repeatedly claiming the Taiwan issue to be a similar case to that of the divided nations of Korea, Germany, and Vietnam, the above definitions, provide a clear indication that the issue of Taiwan is not the same as that of other "divided" nations, at least from the Western point of view.(13)

As part of the particularities of the Taiwan case, it can not be overlooked that the governments of both the PRC and the ROC are strongly wedded to the position of a greater unitary China, partly for nationalistic and historical reasons. Traditionally, a

good government in China is regarded presiding over a unified country, even though, in fact, for about half of the last three thousand years of recorded history, China has been divided. (Table 1.) This historical fact provides a basis for people on Taiwan to feel they have a viable claim to separation from the mainland, while at the same time the contentions of the two governments who each seek to bolster their legitimacy by up-holding the traditional view of good government and their own unifying mission are intensified. (14)

< TABLE 1. >
UNIFICATION, DIVISION AND SUBJUGATION OF CHINA:
A CHRONOLOGICAL CHART

Periods(dynasties) of Unity	Periods of division	Periods of Subjugation (Non-Han Chinese rule)
Zhou Dynasty, West (1122-771 (B.C.))	Zhou, East (770-249 B.C.) Chunqiu (722-481 B.C.) Warring State (480-221 B.C.)	
Qin (221-202 B.C.)		
Han, Former 202 (B.C.- 9 A.D.)		
Han, Later (9-220 A.D.)	Three Kingdoms (220-280 A.D.) Jin, West (280-317) Jin, East (317-420) South and North Dynasties (420-590.)	
Sui (590-618)		
Tang (618-906)	Five Dynasties (907-960)	
Song(North), (960-1126)	Song, South (1127-1279)	Yuan (Mongolian) (1260-1368)
Ming (1368-1644)		Qing (Manchurian) (1644-1912)
	Republic of China (1912-49) People's Republic (1949-	

* Data Source Duan Li, The Ageless Chinese; A History, 3rd Ed., Taipei 1988.

Of course, there are some good reasons for including the case

of Taiwan in the category of the partitioned nations, because all the above-mentioned divided countries (including Taiwan) have common features. For instance, their separate status is a result of the bipolar confrontation after the Second World War, and they exist because of the establishment of spheres of influence by two differing ideological and political systems (i.e., Communism and Capitalism). The division of East/West Germany, North/South Vietnam, North/South Korea and the Mainland/Taiwan between communist and non-communist political systems; the Korean War, the Taiwan Straits Crisis, the Berlin Blockade and the Vietnam War, all developments involving the main world powers, were characteristic of the political divisions and international confrontations during the Cold War period.(15)

No two divided nations are entirely identical, rather, the similarities between the partitioned countries are only partial. It can not be denied, however, that all these nations have one political factor in common: a strong tendency of pursuing unification, in particular where national division has been imposed by international involvement. The partitions of Vietnam and Germany have ended, as mentioned, in extremely different ways. The forceful annexation of the South by the North in Vietnam through the so-called "war of national liberation" only serves as a painful reminder to the non-communist side of the divided nation that unification is not at all the wish of the people concerned. The peaceful take-over of East Germany by West Germany proved again that Communism has been, by and large, discredited in the most recent international politics. These two cases of national unification did not assist the PRC in achieving its goal of bringing back to the fold the divided land and people

of Taiwan. In fact, although the leaders in Beijing have shown both their concern about the separatism in Taiwan and their patience in trying to solve the issue, they are still facing difficulties in mobilising the people in Taiwan to support the cause of Chinese national unification.

B. UNCERTAINTY OF INTERNATIONAL LEGAL STATUS

The second characteristic of the Taiwan issue is also one of the most controversial issues between the PRC and international powers: how to define the attribution of sovereignty over the island. Never in the past, have scholars and politicians been able to reach a consensus about the international legal status of Taiwan. It has never been clear whether both the ROC on Taiwan and the PRC on the mainland should be regarded as two legal governments, or as sharing sovereignty over the lands they control; whether they qualify as two independent states, or if each part of the "country" can legitimately exercise sovereign power.

"The question of sovereignty over Taiwan and Penghu (the Pescadores), avoided for nearly thirty years (up to 1974), can no longer be deferred, for the radical shifts and sudden realignments in Far Eastern politics have thrust the controversial status of the island-state into the political foreground. The international legal issue has been joined over the sufficiency of China's claim to the islands. Despite an intervening civil and domestic ideological war, that claim has been remarkably consistent, whether pressed by adherents of the Nationalist or Communists cause. Indeed, both Nationalist and Communist Chinese have pretensions to the territory, while Peking has confirmed Nationalist aspirations, if only to claim benefit as the successor state....." (16)

The above observation was made in 1974 jointly by W. Reisman and Lung-chu Chen of Yale Law School, in their thought-provoking work "Who Owns Taiwan ? - a search for international title". At present, there is still no sign of a settlement as to who should eventually possess the island. The most recent report, issued by the Pentagon, categorically stipulates that "the international legal status of Taiwan is yet to be settled." (17) Although both the Beijing and Taipei authorities have claimed and counter-claimed that the other side has no legal right to retain sovereignty over Taiwan, the actual issue of the international legal status of Taiwan still remains to be dealt with.

In particular, since both the San Francisco Peace Treaty and the ROC's-Japanese Peace Treaty failed to achieve the return of Taiwan to China by international legal process, (18) the question whether sovereignty over the island belongs to China or remains to be finally decided by all concerned has been frequently raised in the international political arena.

The PRC's Attitude

In 1949, following the successful armed struggle in the Civil War, the Chinese Communists reversed their long-held position of supporting the cause of Taiwan independence. (19) Since then, the PRC government and Chinese scholars have made various assertions and arguments in support of the PRC's claim to the right to take over Taiwan. After Chiang Kaishek and his followers retreated to Taiwan in 1949, despite its invocations of the Cairo Declaration and the Potsdam Proclamation in 1949, (20) the CPC changed its

interpretation of the two documents in its favour. The PRC's main lines of argument on the claim to sovereignty over Taiwan, can be summarised in the following three ways:

a). **Historical connection:** The PRC argues that Taiwan was Chinese territory from ancient times, hence, the Sino-Japanese peace treaty after the War transferring the title back to China was not necessary. In June 1950, Xiao Jingfu, the Deputy Minister of Foreign Affairs of the PRC rebutted the controversial U.S. claim that the legal title to Taiwan was unclear. He wrote::

"As a result of the Sino-Japanese War of 1894, and the humiliating defeat of the Qing government, unfair treaty of Shimonoseki ceded Taiwan to Japan. With the outbreak of China's War of resistance against Japan in 1937, in accordance with international law, the treaties between the two countries became null and void. The treaty of Shimonoseki was no exception. After the victory of 1945, China recovered these islands (Taiwan and Penghu). Whileas no question has been raised about the legal status of Taiwan. Since Taiwan has always been Chinese territory, it is a matter of course for China to take it back like a thing restored to its original owner. It is not a case of China taking a new territory from Japan which must be affirmed by a peace treaty...."(21)

b). **International acknowledgement:** The PRC's other argument for the legitimacy of its claim to exercise control over Taiwan was attested by Chinese scholars in international law, stating that China had recovered its sovereignty over Taiwan as a result of the abrogation of the Sino-Japanese treaties in its declaration of war against Japan, issued on December 9, 1941. Professor Chen Tiquang of Beijing Diplomatic College, for example, elaborated Zhou Enlai's statement of June 28, 1950:

".....With its formal proclamation of war on Japan on December 9, 1941, China had solemnly declared the abrogation of all treaties between China and Japan. Since the Shimonoseki Treaty, on the basis of which Japan occupied Taiwan, was among the

treaties abrogated, Japan's rule over Taiwan naturally became void ab initio, and the post-war peace treaty with Japan was not necessary."(22)

Whether the Japanese possession of Taiwan could be regarded as "void ab initio" when the KMT government unilaterally announced the invalidity of all unfair treaties in December 1941 was a debatable point. Many scholars and officials in mainland China, however, repeatedly claim that Chinese sovereignty over Taiwan dates from the proclamation of war. The 1952 San Francisco Peace Treaty and the ROC-Japanese Peace Treaty were merely the US ploy of preventing Chinese people to regain control over Taiwan.

c). **A successor state:** The last, if not least, reason which the PRC supporters urge for the legitimacy of China's claim over the island, is that Japan, de facto, renounced Taiwan on October 25, 1945, and that the island then became part of the ROC territory. Since the PRC is the successor of the ROC government, it should be entitled to obtain all the territory originally possessed by the ROC by invoking the principle of occupation to its advantage. Accordingly, the PRC claimed, on the one hand, that the defeated KMT refugees had no right whatsoever to sign a treaty on behalf of the Chinese people. On the other hand, it argued that whatever did the KMT sign with Japan concerning Taiwan would not affect its ultimate right to take over the island because the PRC has been a successor of the KMT regime. But one has to point out that there is no document to support the view that Japan renounced its title to Taiwan on Oct. 25, 1945.

The above PRC declarations have not been accepted by the ROC on Taiwan. Instead, it gives several reasons to justify its de

jure and de facto exercise of sovereignty over Taiwan.(23) The KMT considers that "the Communist regime in China cannot invoke the ROC-Japanese Peace Treaty to support its claim over Taiwan, since the Communists totally deny the right of the ROC government to conclude any treaty in the name of China after 1st October 1949. Similarly, since the Communist regime has categorically rejected the validity of the San Francisco Peace Treaty, neither can it invoke this treaty to its advantage."(24)

Time and again, the KMT authorities have cited the arguments of its few western supporters, such as Frank Morello, to justify the ROC government's acquisition of sovereignty over Taiwan by the following prescription:

"Except for the claim of Red China, it can be said that the occupation of Formosa by the Nationalist [ROC] government has been undisturbed. In addition, this de facto exercise of governmental authority has been continuous for nineteen years [up to 1966] The possession of Formosa by the Nationalist Government has been steadily maintained by an assertion of right. It follows that if the principle of prescription, as interpreted and applied within the framework of international law, is to be accepted in the case of China, there can be no lawyer's doubts as to the legitimacy of Nationalist China's title to Formosa."(25)

Throughout the past four decades, the KMT, in resisting the CPC's challenge to its legitimacy and the local Taiwanese demands for self-determination, has argued rhetorically that Taiwan has been incorporated into its territory in accordance with the principle of occupation in international law. However, both the PRC's and the ROC's proclamations of their sovereignty over Taiwan has not deterred the international powers from arguing that sovereignty over the island has not yet been settled.

International concepts of Taiwan's legal status.

In 1945-49, little has been mentioned about the international status of Taiwan. After the outbreak of the Korean War, decisions and commitments made at the Cairo summit and Potsdam conference were regarded, by most western powers, as lacking effectiveness in international law.(26) Since then the U.S. and the Western powers have taken the view that the legal position of Taiwan has not yet been resolved. First and foremost, President Truman announced that "the determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the UN."(27) Secretary of State John F. Dulles went even further when the US-ROC Mutual Defence Treaty was signed in 1954, he argued:

"We and most other peace-loving countries understand that the issue of sovereignty over Formosa and the Pescadores has never been settled..... The question of the title (over Taiwan) is dependent upon developing facts... but certainly the United States has not the power alone by this treaty to convey title, because title is not in the United States."
(28)

The British Secretary of State for Foreign Affairs, Anthony Eden also commented that: "Under the Peace Treaty of April 1952, Japan formally renounced all rights, title and claim to Formosa and the Pescadores; but again this did not operate as a transfer to Chinese sovereignty, whether to the People's Republic of China or to the Chinese Nationalist authorities. Formosa and the Pescadores are therefore, in the view of Her Majesty's Government, territory, the de jure sovereignty over which is uncertain or undetermined."(29)

The position of the Western Powers was: they believed that China could acquire de jure sovereignty over Taiwan only through provision of settlement in a peace treaty. The legal transfer of sovereignty was in fact incomplete. The authority of the ROC government to rule Taiwan since 1945, has virtually rested on the "General Order No. 1" issued by General Douglas MacArthur, the Supreme Commander of the Allied Powers. According to the Order, the Japanese field commanders and Armed forces in China, Taiwan and French IndoChina from latitude 16 degrees north, shall extend their surrender to Generalissimo Chiang Kaishek. Chiang's government, in taking over the islands of Taiwan and Penghu therefore acted as an agent of the Allied Commander. The situation was not much different from the occupation of Germany by the forces of the four Allies. A long term settlement of the situation in Taiwan and in Germany still needs to be made by a peace treaty.³⁰

When China and Japan established diplomatic recognition in 1972, and at the time of the normalisation of Sino-U.S. relations in 1979, the confirmation of the legal entitlement to sovereignty over Taiwan was again deliberately avoided. Japanese Premier Tanaka's agreement with Zhou Enlai, the Nixon-Zhou Shanghai Communique and the Joint Communique on the Establishment of Diplomatic Relations between Beijing and Washington in Jan. 1979, all avoided the subject of transfer of sovereignty over Taiwan to the PRC, although the U.S. would "acknowledge" (not recognise) the Chinese position, and would not challenge the assertion by all Chinese, on either side of the Taiwan Strait, that there is but one China and that Taiwan is part of China.....(31) To date, of the 134 countries which have established diplomatic relations with the PRC, only 6 have specifically stipulated in their

diplomatic documents that "the PRC is the sole legal government of China and Taiwan is an inalienable part of the territory of the PRC." Most other countries refrained from expressing agreement with the PRC's claim of sovereignty over Taiwan.(32) And the island's international legal status still remains ambiguous and has yet to be finally determined.

C. IMPASSE OF NATIONALISM AND SEPARATISM

The third feature which characterises the Taiwan issue is the dilemma of the unyielding Chinese nationalism and the covert Taiwanese separatism. This deadlock basically derives from the Chinese traditional expectations of national unification and from the ideas of modern Western-style nationalist movements which have stimulated the people of Taiwan to seek to establish a new nation-state on the island.(33) During their long revolutionary struggle, both the KMT and the CPC, regarded China's unification as their primary target. They believed that, whichever political party could successfully re-unify the country, would certainly win people's support and become the most popular political group in China and would be entitled to claim the highest authority to govern "the Middle Kingdom". The people in Taiwan, however, have not only experienced colonial occupation in past centuries, but they were also badly treated by the rulers from China. The hopes for Taiwanese self-rule which were stirred up by nationalism, (from the PRC's point of view, the unforgivable and unacceptable

separatism), therefore, vitalised a nation-building movement. (34) The Taiwanese separatist tendencies, actually, originated from; the inspiration of the anti-colonial campaigns; the impetus for self-determination; the geographical separation from China; and the independence of the economic links from that of the mainland.

As in many other countries, nationalism became a main theme in Chinese politics from the time of the powers' encroachment on its territory in the nineteenth and early twentieth centuries. But the feeling of nationalism in China was fostered, first by anti-Manchu resentment which the Nationalists, led by Dr. Sun Yat-sen, promoted in order to overthrow the non-Chinese Dynasty and restore (Han) Chinese majority rule; then by resistance to Japanese and Western imperialist interventions in modern Chinese revolutions. (35) Hence, Chinese nationalism, in the past century, has developed as an instrument first for anti-subjugation, then for anti-imperialism and finally for national integration. Above all it becomes synonymous with irredentism and patriotism.

The significance of Chinese nationalism was further enhanced by the traditional myth of ascriptive authority. Without exception in Chinese history, when a new Dynasty was established the rulers had always laid claim to the so-called "Mandate of Heaven" (Tian-dao), to legitimise its right to reign over the Middle Kingdom. Like the KMT, the Chinese Communists did not, though, explicitly claim the Mandate of Heaven when they seized power. However, they turned to the extensive empire of the Middle Kingdom for their delineation of China's territorial sovereignty. (36) Occupied by the defeated enemy which supported by the American imperialists, Taiwan stands as an unliberated part of the national motherland.

The CPC, combining the nationalist perspective with irredentist attitudes, vowed to redeem Taiwan.

In the past century and a half, having suffered numerous humiliating defeats at the hands of colonial powers, the recurring xenophobia in China accentuated the development of Chinese nationalism. Militant Chinese accused foreigners of destabilising and dismembering their country. The issue of Taiwan, since 1950, provided ready substance for Communist diatribes against the foreign imperialists. The Chiang Kaishek "Bandits" in Taiwan were blamed for betraying the Chinese nation, shamefully serving the interests of the U.S. imperialists by distracting from the issue of national independence and splitting national integrity.(37)The Taiwanese independence movement was, therefore, not surprisingly, regarded by the leaders of the PRC as a monkey show, manipulated by ambitious imperialists, for the purpose of jeopardising the Chinese government's exercise of its sovereignty over Taiwan.

The Nationalist party, on the contrary, has, by its name and deeds, regarded itself as the legitimate Chinese "nationalist" movement. It argued that the Chinese Communists are no more than a surrogate of the Soviet Union, subjugating the Chinese nation; never could a Chinese Communist be a real nationalist. It makes strenuous efforts to convince the Chinese people and the rest of world that Dr.Sun's "Five Principles of Chinese Nationalism" have been permanently adopted as party policy.(38) To prove their sincerity as nationalists, the KMT upheld such slogans as "mainland recovery" and "Taiwan as part of China", and has always treated Taiwanese separatist activities as treasonable and punishable.

Nationalism is originally, as Elie Kedourie put it, a doctrine invented in Europe at the beginning of the nineteenth century. It is presumed to supply a criterion for the determination of the unit of population proper to enjoy a government exclusively its own, for the legitimate exercise of power in the state, and for the right organisation of a society of states.(39) In the 20th century, in particular after the end of first world war, international society has been made safe for nationalism, the hierarchy of the traditional dynastic world giving way everywhere before the permissive and popular principle of national self-determination.(40) It has not only served, first as a spearhead of anti-imperial and anti-colonial wars of liberation, then as an initiative of national integration, as well as of state renewal; but more importantly, it also stands in opposition to both multi national integration and unification - and becomes the course of ethnic separatisms of minorities.(41) Furthermore, nationalism is universally regarded as a state of mind, in which the supreme loyalty of the individual is felt to be due to the nation-state.(42) Consequently, nationalism becomes a sense of identity, usually aroused by common experiences in a struggle against overlords from another locality, while it needs no single religion, language, or other objective basis, nor can it be denied on the grounds of previous inexperience in self-governing. All in all, national identity is essentially emotional.

Since the people in Taiwan have experienced five different rules of outside strangers, in the last four centuries (Table 2), the growth of "Formosan identity" started from socio-politico heterogeneity of Chinese setting. A proto-type of nationalism has emerged on the island, enhanced by the advocates of Taiwan

independence. Like many other separatisms in the modern world, the aims and specific context of "Formosan Nationalism" are quite clear and consistent. It is what nationalists of all ages and climes have demanded: group autonomy, group cohesion and group identity. The people of Taiwan want to be self-governing citizens with equal rights and duties, without external regulation and interference.

< TABLE 2. >

PROPORTION OF THE RULERS AND RULED POPULATION IN TAIWAN

<u>1624 - 1662 A.D.</u>	
- \ 10.000 (Dutch Rulers.)	
- /----- \	
----- / 100.000 (Taiwan Inhabitants.)	
<u>1662 - 1683 A.D.</u>	
----- \ 50.000 (Dongdu Rulers.)	
----- /----- \	
----- / 200.000 (Taiwan Inhabitants.)	
<u>1683 - 1895 A.D.</u>	
----- \ 100.000 (Manchurian Rulers.)	
----- /----- >..... <----- \	
3.000.000 Taiwan Inhabitants	
----- >..... <----- /	
<u>1895 - 1945 A.D.</u>	
----- >..... <----- \	
500.000 Japanese rulers	
----- >..... <----- /----- \	
6.000.000 Taiwan Inhabitants	
----- >..... <----- /	
<u>1945 -</u>	
----- > <----- \	
1.500,000 Nationalists Rulers	
----- > <----- /----- > <----- \	
18.500.000 Taiwan Inhabitants	
----- > <----- /	

@ Sources refer to Shi Ming, The Four Hundred Years' Taiwanese History, 1980, Re-organised by author.

While the Chinese on the mainland suffered from a prolonged and destructive Civil War in the first half of this century, and have been under Communist totalitarian reign in the second half,

people on Taiwan have experienced a very different century of Japanese colonial rule followed by the KMT rule. The setting up of an autonomous government was already the unfulfilled dream of a vigorous Taiwanese nationalist movement campaigning during Japanese occupation in the 1920s, 30s and 40s. The movement developed in the aforementioned period was, directly and indirectly, influenced by world-wide anti-colonial movements, such as those in Indo-China, Korea, India and even Ireland.(43) Naturally, the Japanese rulers tried their best to suppress, subvert and disrupt the Formosan nationalism, but the spirit of anti-colonialism was alive and was carried forward to the period of the KMT rule.(44)

Since the February 1947 incident (See chapter 2), the native Taiwanese have kept an unmentionable resentment towards the mainlanders. Distrust and ill feeling have deeply affected these two groups of people. Although the KMT regime, taking advantage of its control of the propaganda machine and the educational apparatus, made strenuous efforts to "re-educate" the local Taiwanese to be loyal to the Nationalists, these efforts were, quite often, counterproductive.

After many decades, the political situation in Taiwan started to move fast, particularly in the mid 1980s. When the KMT leaders finally decided to opt for "Taiwanization" as the party's new strategy for survival, the Taiwanese nationalist (separatist) movement accordingly revised its terms and the content of Taiwan independence. Taiwanese identity and the Chinese culture complex were, for the first time, declared to be compatible.(45) More and more people argue that self-identification should range from political loyalty to cultural identity. "Many people in Singapore

are politically Singaporean citizens, but are ethnically Chinese". This is a popular argument among the people of Taiwan, "There are Italian-Americans who are Italian by origin, but full-fledged Americans in terms of political loyalty." (46) To avoid a direct challenge to the KMT authorities, the Taiwanese separatist movement seems more inclined to envisage the future of Taiwan as being settled by means of self-determination by the 20 million people in the island, rather than being accomplished by a non-peaceful nationalist revolution.

Documents relating to its policy towards Taiwan, issued by the PRC since Jan. 1979, show a great deal of evidence that the leaders in Beijing still prefer to play on feelings of Chinese nationalism as a method of winning the hearts of the people of Taiwan on the issue of unification. Sentimental terms such as kith and kin, brothers and sisters, kinsfolk, heart-strings, blood thicker than water, compatriots, beloved motherland etc., fill most of the PRC's official documents. Many people in Taiwan have, however, become all too familiar with them to give any serious consideration to the practical meanings of these terms, and they still doubt the intentions and sincerity of the PRC. After all, deeds would be more convincing than words, as one of the prominent Taiwanese political activists commented. (47)

"Wir sind ein Volk" (We are one people) chanted the Germans. What George Kennan once called "romantic linguistic nationalism", had toppled the Berlin Wall, then, in less than a year, it re-glued East and West Germany into a reunified country. The Chinese leaders in Beijing would certainly very much like to hear "Women dou shi Zhongguo-ren" (we are all Chinese) from the people of

Taiwan. But would they say this ? When ? In the 1980s, Chinese nationalism and Taiwanese separatism remained a vital character of the Taiwan issue.

D. CONJUNCTIONS OF CHINA'S STRATEGIC RELATIONS WITH INTERNATIONAL POWERS

In the traditional Chinese view of the world, the Sons of Heaven (the Chinese emperors), like the popes in Rome, assumed that they had the right to rule over all human affairs. The idea of universal dominion within the context of the Sinocentric cosmology not only justified their authority over the Middle Kingdom, but also over all other foreign nations. Till the early 19th century, Western countries such as Britain, France, Russia, Germany and so on, were regarded as "tributaries" subordinate to China. Moreover, the Bureau of the Department for Tributary states was called "Yiwu Guan" (the Barbarian Chamber). Some small countries bordering on the Middle Kingdom displayed their humility by adopting Chinese as the language of diplomacy and by paying formal tribute at specific intervals. In turn, they were given permission to trade with China and were sometimes honoured by the dispatch of Chinese ambassadors to confirm the tributary rulers in office. These peripheral nations included Korea, Tibet, the small states of South-East Asia, and the Island Kingdom of Ryukyu. In terms of its historical-geographical situation, Taiwan was an exception among these. Taiwan has never been China's tributary nation nor an inalienable territory. Before the Ming

royalist Zheng Chengong (Koxinga) defeated the Dutch and gained the island as the base of his Dongdu Kingdom in 1661, Taiwan had no official association with Chinese authorities.(see chapter 2)

During the 19th and 20th centuries, this Sino-centric global view was drastically reversed by the encroachment of the colonial powers. As a result, French pressure from Indo-China, British pressure from Burma and India, Russian pressure upon Xinjiang, Mongolia, and Manchuria, and Japanese pressure upon Korea, the Ryukyus, and Taiwan all combined to evoke an image of China being carved like a melon at the will of foreign powers.(48) From Chinese point of view, the regaining of China's extensive frontier by legitimate rulers or by any symbolic authority, therefore, became an important goal, both because of internal psychological needs and for external political reasons. To the leaders of the PRC, the determination to advance, recover and secure disputed and vulnerable boundaries is both strategically important and a symbolic requirement of legitimacy. Since 1949, the rival Chinese regimes of the KMT and the CPC, consistently drew their political maps well into their neighbours' countries.(49) Those unsettled boundaries and strategically disputed territories have been a main cause of conflicts between China and other powers.

In its four-hundred-year recorded history, Taiwan has, repeatedly, been the subject of a see-sawing conflict between the international powers and continental China, and recurrently a trouble spot in East Asian waters. Looking from mainland China, Taiwan strategically represents the easternmost thrust of Chinese ambitions. For the oceangoing powers the island was the westernmost point on the Western Pacific rim; a maritime frontier formed

by Japan, the Ryukyus, and the Philippines, a world of sea-borne trade and international politics. These conflicting visions made it more or less inevitable that Taiwan's history would be one of invasion and intervention by colonial powers. Taiwan was both controlled by the Manchurian empire from the Asian mainland and colonised by the maritime world including the colonial powers of Europe, by Japan, and, to a certain degree after the Second World War, the US. Since the mid-19th century, the ambitions of colonising forces toward the island, mainland China's intention to possess it and the struggle of the Taiwanese for self-rule have waxed and waned, but never disappeared. This friction was even more in evidence during the PRC-US conflicts over Taiwan after the Japanese left the island.

The physical aspect of Taiwan is, perhaps, one of the few points on which China, the international powers and the local inhabitants all agree. It lies in the Western Pacific, 340 miles south-west of Okinawa, 200 miles north of the Philippines, and 120 miles east of the Chinese mainland coast of Fujian. The shortest crossing between Taiwan and Fujian is at least four times longer than that between Dover and Calais; and the distance is twice as long as that between Holyhead on the British mainland and Dublin. The island covers 14,000 square miles which is about three times the size of Northern Ireland or slightly bigger than Holland. A census taken at the end of 1989 reveals its population as just over 20 millions.

After the Korean War, in the global geo-political picture, Taiwan was considered by the U.S. as a vital strategic point of resistance to Communist expansion. In academic circle, assessment

of the strategic significance of Taiwan became one of the most popular subjects in the PRC's armed-forces colleges, in the ROC's national security institutes and among the U.S. strategists.(50) Although they may have been regarded as obsolete and somewhat discredited, nevertheless, the three major geo-strategic theories e.g., the Sea Power theory, the Heartland theory and the Rimland theory, were understood by strategists in 50s and 60s as ways to global hegemony.(51) Among them the Rimland Theory was generally argued as the most practical method of illustrating the contest between the "Free World" and the Communist World.(52) With reference to the Rimland theory, Taiwan stood in the central position of the Island-Chain-Defence(ICD) Strategy in the Western Pacific waters.(53) In other words, the island was important in both the global strategic confrontation and in regional security. The PRC was fully aware that the strategic location of Taiwan played a vital role in the U.S. "Containment" policy during the Cold War period. Neither the U.S., nor the PRC could neglect the strategic significance of Taiwan, nor could either side unilaterally surrender its security interests to the other in the area of the Taiwan Straits.

Thirty years ago, John King Fairbank, the leading student of Chinese affairs in America, pointed out that:

"..... With a constructive Sino-American program, Taiwan can give the non-Communist world all these advantages of contact and competition, as an unsinkable military-defence, political and cultural base, at comparatively low cost. The hundred miles of water in the Formosa Straits form the most defensible barrier on the frontier of any major power, close enough for some contact, too far for invasion (from China)...".(54)

The United States, with its invincible sea-air power from across the Pacific, was opposed by unconquerable land-power based on the Chinese subcontinent. Taiwan became a major strategic point for consolidating American power in the West Pacific, and for containing any possible expansion outward and southward by Chinese Communist power. To the PRC, however, confined by its lack of strength in naval and air power, possessing Taiwan would mean not only an opportunity for breaking through the US containment, but would also release the island from being used as a base to attack the Mainland. The strategic stalemate between Beijing and Washington over Taiwan was further evidenced by the fact that "throughout the Indochina War, the island was a forward logistics and R&R centre for American forces".(55)

The detente in Sino-U.S. relations, since the early 1970s, became possible, mainly because both powers sensed the immense threat of the former Soviet military build-up. The PRC and the US perceived that they were sharing a common strategic interest; to confront the USSR's military expansion. Throughout the 1970s and 80s, the Taiwan Strait and its surrounding waters, e.g. the Bashi Channel, then turned out to be vital strategic "choke-points" to check the Russian Pacific Fleet, regularly navigating from Vladivostok to Cam Ranh Bay of Vietnam.(56) It is true that after 1983 Sino-US contest over Taiwan has been localised. (see chapter 6). However, in terms of strategic and military significance in East Asia, the island is by no means down-graded.

Due to geographical proximity, historical connections, and international strategic interests, Japan and other East Asian and South-East Asian countries have regarded the Taiwan issue as an

international dispute of regional significance, rather than just a Chinese problem.(57) But for various reasons, the Taiwan dispute remains substantially an issue between the PRC and the U.S.: the other countries have so far refrained from directly involving themselves in this matter. But this does not mean that the other powers would absolutely rule out their involvement in the issue, should their security or economic interest conflict with the PRC's actions on Taiwan.

In view of the strategic contests between the PRC and the other powers (i.e., with the U.S. over Taiwan), the three characteristic factors can be summed up as follows: A). The PRC claimed that Taiwan, unjustly controlled by U.S. imperialists, played a strategic role during the Cold War period, against its nation and people. The U.S. containment strategy was obviously designed to serve the interests of American hegemony. Should Taiwan be re-possessed, the advantage of the geo-strategies will, in turn, shift to China and thereby its national security will be greatly enhanced. B). Apart from US legal and moral commitment i.e., the Taiwan Relations Act, the Geo-economic significance of Taiwan underlies the pledge of the U.S. in protecting its economic interest in Taiwan. In particular, as Taiwan has been gradually developed, with US support, to be one of the newly-industrialised countries in the area of the Pacific Rim, a great deal of investment and many economic ties with America have been set up in the island. The loss of Taiwan would involve a great loss of economic interests for the American people; C). Finally, Taiwan is strategically important, not only because it can afford the international powers an assurance of their continuing influence in East Asia, but also because, potentially, it can be used by

the Chinese to challenge the international powers, long regarded as a threat to Chinese national security. To this end, any change in the present situation of Taiwan would drastically affect the strategic balance in East Asia. There is, therefore, very little chance of the issue being solved merely by Chinese themselves. External involvement in the Taiwan issue has been, and will continue to be, one of its complicating characteristics.

E. IDEOLOGICAL POLEMICS OF CAPITALISM AND COMMUNISM

The last of the significant characteristics of the Taiwan issue, as revealed in the power struggle between the CPC and the KMT, is the argument about what socio-politico system would be more suitable for China. It is axiomatic that substantially the most difficult part of the Taiwan issue is the conflicting political ideologies of the two parties. Ostensibly, the stakes in the uncompromising conflict between Beijing and Taipei have been clear. Both claim to be pursuing ideological goals from which it would be dishonourable and irresponsible to retreat. At the same time, each has condemned the opponent's ideological "fixations" or "aberrations" and has held out the promise of a happier world for its people, if the adversary could be made to relinquish its position. The Chinese Communists have long predicted that the capitalist world and the Communist world are inevitably headed for a showdown and that the final victory will certainly belong to the Communist Camp. The KMT supporters have, however, been no less self-righteous in proclaiming the universal

validity and sanctity of their principles, and in condemning the ideological position of the CPC's leadership.

Ideologies and ideological campaigns have been a constant feature of both domestic and external policies in China for much of this century. Abundant documentation attests to the long standing ideological struggles between the two sides on all the basic issues that divide them. During the revolutionary Civil War both sides sought to mobilise the people through ideological campaigns. After the Nationalists were driven off the mainland in 1949, Taiwan became the final base of the KMT against Communism. The Capitalist camp, led by the U.S., regardless of its previous declaration of non-involvement in the Chinese Civil War, found common ideological ground with the KMT, i.e., anti-Communism, to contain, as well as to resist, Communist expansion in East Asia. Although, actual military conflict did not extend to Taiwan, ideological battles between the two camps of Communism and Capitalism, have never stopped.

Superficially, the CPC and the KMT have long shared the same view that "there is but One China, and Taiwan is an inseparable part of China". Yet the KMT has shown no sign of compromise on several basic issues. Ideological polemics, then turned out to be a significant obstacle to the re-incorporation of Taiwan into China.(58) The KMT has repeatedly claimed that Dr. Sun Yat-sen's Principle of "Sanmin Zhuyi" (Three Peoples) would be a better political guideline for forming a government in China, while the CPC, on the contrary, denounced the 22 year KMT rule in China as a disaster for the Chinese people. Instead, the Communists adopted the tenet of Marxism-Leninism, and adhere to the idea of people's

dictatorship as the basis of government. Till now, there has been no possibility whatsoever that either side would accept even part of the ideology and economic-political system of the other.

When the CPC modified its policy towards Taiwan, from the pursuit of armed liberation to the search for a peaceful resolution in the 1980s, it encountered much difficulty in establishing political rapport with the KMT. The ideological dogma of the so-called "Four Cardinal Principles" (59) stipulated by the reformists of the PRC government as a foundation for socialist system practice on mainland China, and the existence of a non-socialist system to be permitted for a certain period under the One Country Two Systems policy, did not at all impress either the rulers or the public in Taiwan. While it may be true that the people who sought refuge in Taiwan from the mainland in the late 40s still retain strong Chinese sentiments linking them to the mainland, yet the fear has never disappeared that, should they return to China, they would not be exempt from the struggle to eliminate the "class enemy", nor avoid the nightmare of "class suppression". In particular, in the late 1970s, gloomy stories of former Nationalist officials who had been kept for twenty odd years in the PRC's prisons for re-education, deterred many KMT followers from thinking about a return home. (60)

As far as ideology is concerned, the native Taiwanese, to some extent, share the mainlanders fear of what would happen to them if the PRC were to take over their island. Politically the islanders could hardly feel secure under Communist rule. Although the PRC promised Taiwan that it would enjoy a high degree of autonomy, the Taiwanese did not respond positively, as many were

conscious of the fate of Tibet, which had also been promised considerable autonomy.(61) Land owners and businessmen feel particularly uneasy that their properties and enterprises would be nationalised or confiscated and that their standard of living would deteriorate drastically. The fear that mainlanders and islanders alike would fare badly under a Communist ideology in Taiwan, is, undeniably, a serious barrier to any possible resolution of the Taiwan issue.(62)

The recent crumbling of Communism in the East European countries and in the former USSR has changed little of the CPC ideological assertiveness. Instead, the elderly guardians of Communist orthodoxy in Beijing are stepping up their efforts to bring the once tarnished thoughts of Mao Zedong back into the mainstream of the party doctrine. Many Maoist ideas, such as the fight against bourgeois liberalisation, the importance of self-reliance, and even the continuing need for class struggle, have again become current slogans in ideological campaigns. And the CPC documents proclaim the de-Communistation in the former Eastern Bloc to be an aberrant contravention of the popular will, doomed to fail in the end.(63) Accordingly, the CPC advocates that China should insist firmly on the road toward the dictatorship of the proletariat. However, the KMT argues, self-assuredly, that "three or four years ago, people dismissed our ambition to re-unify China under the principles of freedom, democracy and equitable prosperity (i.e., Dr. Sun's principles) as mere self-delusion. But now, most people believe that Communism in facing its complete demise and (that) one-party dictatorships, even the one on the Chinese mainland, cannot last much longer....."(64) What the KMT

intend, seemingly, is to contend that the Communist ideology can never be a suitable system for China and will soon be abandoned. The Taiwan issue is, therefore, linked, characteristically, to arguments about their ideological options, but, so far, there is no sign of a solution to the issue of Taiwan through ideological dispute.

F. SUMMARY

Having analysed above the character of the Taiwan issue, it is clear that in attempting a solution, many strings of connected "problems" have to be comprehended and tackled. Because the interests of the PRC, KMT and the native-born Taiwanese, as well as the bilateral and multilateral aspects of the Taiwan issue are so enmeshed, significant and complicated, changes in each sphere would deeply impinge on the others. Hence, whatever proposals for settling the issue are put forward would inevitably have to disentangle the various controversial particularities mentioned above.

Furthermore, the issue of Taiwan is not as simple as the PRC has indicated (e.g., that all Chinese are longing for unification or that the issue is an entirely domestic affair). The question of Taiwan is rather different from the other divided countries i.e., former East and West Germany, former North and South Vietnam and the Two Koreas. In fact, the Communists, the Nationalists, and the native-born Taiwanese, have had to agree, willingly or unwillingly, to sleep in the same bed (e.g., to pursue a one China

policy), yet they are still dreaming very different dreams (e.g., as to what the future of Taiwan ought to be). Moreover, despite the PRC protests strongly that the international powers must not be involved in the Taiwan problem, yet the international status of Taiwan will be solved internationally, not unilaterally by Beijing. Due to its strategic position, Taiwan could not be regarded as a piece of unrecovered Chinese property, but rather as the potentially controversial site of an international dispute. Finally it is vital to recognise that a policy designed purposely for the resolution of the Taiwan issue, such as the One Country Two Systems formula, would have to deal with many difficulties and formidable obstacles.

NOTES AND REFERENCES

1. Numerous books, articles and personal letters as well as works of fictions appearing in the PRC's media since January 1979 have concerned with the heart-breaking separations and human tragedies caused by the man-made obstacle to relations between Taiwan and mainland China. The excerpt: see Wang Xingwu's article: "Taiwan-Tugging at Chinese Heart-strings", The Taiwan Issue: Its History and Resolution, China in Focus no.30, Beijing Review Publications 1987. PP.50-54.

2. In a limited world, membership of the United Nations increased more than three fold in the past 45 years, and most of the new-found states are the result of political partition due to decolonisation and/or the activities of nationalist movements. On the extent and endurance of the proclivity to partition in the world, see also Jean Gottman, "The Political Partitioning of Our World: An Attempt at Analysis", World Politics, [No. 4, 1952.], P.513.

3. See Yung Wei (ed.), "Political Partitioning, Migration, Minorities and Non-state Nations: Models, Propositions, and

Intellectual Exchanges," CISS working paper no. 49, University Centre for International Studies, University of Pittsburg, 1975.

4. Shen Yunlong, "Why the Communists attacked Korea first, not Taiwan", Overseas Digest Semi-monthly, No. 115, PP.10-13; See also chapter 2-C, The Korean War and Taiwan.

5. Ray E. Johnston, "Assessing the International Status of Partitioned Nations", Multi-systems nations and International Law: International Status of Germany, Korea and China. Hungdah Chiu ed., Occasional Papers/Reprints Series in Contemporary Asian Studies. No. 45, 1981. PP., 1-33.

6. See Norman J.G. Pounds' "History and Geography: A Perspective on Partition", Journal of International Affairs No. 2, 1964. PP., 161-72.

7. See Ray Johnston op.cit., P.12.

8. See Ray. Johnston, supra P.13.

9. See Nationalism/Separatism (section C of this chapter).

10. The New York Times, February 17, 1964.

11. See George H. Kerr, Formosa Betrayed, and Douglas Mendel, The Politics of Formosan Nationalism; other scholars such as John K. Fairbank, Edwin Reichauer, R. Scalapino, Ido Shenjihki, Allen Whiting, also share a similar political view that Taiwan might eventually opt to detach itself from mainland China's control.

12. See Collins English Dictionary, London, 1983. The Encyclopaedia Britannica (1986) gives the term "China" the definition: "Since 1949, Nationalist government on Taiwan has continued to claim jurisdiction over the China mainland, whereas the government of PRC on the mainland has claimed jurisdiction over Taiwan...", but no "divided country" is mentioned. In addition, neither the Oxford Dictionary, nor the Encyclopaedia of Social Sciences has referred the case of China/Taiwan as "divided country". But all of these reference books define Germany, Vietnam, and Korea as the divided countries.

13. The theory of "the two successor states" which was proposed by the U.S. in the 50s and early 60s, has greatly influenced the western conceptions of the situation concerning China and Taiwan.

14. Throughout China's long history, its rulers have always appreciated that national division, partition, secession and disintegration are generally evils to be avoided; while consolidation, amalgamation, integration, unification and the "art of getting bigger" are viewed as virtues to be aspired to. The Chinese are proud of their country as a unified nation for more than three thousand years. In fact, close examination reveals that in its 3,109 years of recorded history, only 1,587, or 51.2 % of the total years, were periods of unity. Whilst 1,134 years, 36.7 % of the total, were times of division. The remaining of Yuan and Qing periods, in total 376 years, or 13.1 %, were regarded as periods of national subjugation. Since there were

considerable periods of internal wars and uprisings even in the supposedly unified dynasties, the actual years of division could be considered as far more than the years of unification.

15. Ching-yun Yang, "The Unification and Independence of Divided Nations: An analysis of concepts, issue and resolution". Paper presented at Symposium on Integration of Divided Nations, the Institute of International Relations, Taipei, December, 1988.

16. Lung-chu Chen & W.M. Reisman, "Who Owns Taiwan: A Search for International Title", Taiwan's Future, ed. by Jo Yun-han, Arizona University, 1974, P.170.

17. See Zhongyang Ribao, 20 April 1990, which reveals that "on behalf of the Bush Government, the Assistant Minister of Defence, Wolfowitz reports to the Senate Military Affairs Committee on 19 April 1990..... Wolfowitz's report clearly concluded that '..... Unresolved territorial issues include Taiwan, the Spratly and Paracel islands.....".

18. The U.S. position on the status of Taiwan is that technical sovereignty over Formosa and the Pescadores has never been settled; see also chapter 2.

19. Concerning the CCP's attitude towards Taiwan, detailed discussion will be made in chapter 3. and see also Xiao Xinyi, "Who cut the umbilicus? A discussion on Taiwan-China Relations," The Future of Taiwan, Beijing, 1983, PP.41-2.

20. the Chinese Communists did not support the two international resolutions in 1943 and 45, simply because they would not wish to recognise any merit in what the Nationalist government had done at that time.

21. Xiao Jingfu, "The Absurd Theory of Two Chinas and Principles of International Law", [Guoji Wenti Yanjiu], "Studies in international problems." No. 2 Beijing 1959, PP 14-15.

22. See Chen Tiqiang, The International Legal Status of Taiwan, The Future of Taiwan, Beijing 1983, PP. 257-8.)

23. Hungdah Chu, The International Legal Status of the Republic of China, Occasional Paper in Contemporary Asian Studies, School of Law, University of Maryland, 1990, PP.6-19.

24. The Dispute of Legitimate Government, see the Central Daily, [Zhongyang Ribao], Taipei, 6th January, 1979.

25. Frank P. Morello, The International Legal Status of Formosa. The Hague: Martinus Nijhoff, 1966, P.96.

26. Of course, this change in the western view has some weakness with regard to the post-war settlement on Taiwan in international law: 1). the ROC government occupied Taiwan since 1945 was accepted by Allies as a basis for settlement in practice; 2). the U.S. raised questions of Taiwan's international status only when Communist ambitions would inevitably jeopardise its interests in the Far East.

- 27 See Truman's statement on the mission of the seventh fleet in the Formosa area, June 27, 1950, AFP 1950, P.2468.
- 28 See Secretary of State Dulles' testimony at the executive session of the Senate Foreign Relations Committee, 84th Cong., 1st sess. 1955.
29. The debate in the House of Commons, February 4, 1955.
- 30 See Chen and Reisman, op. cit., Note 43. P.212.
- 31 Henry Kissinger, The White House Years, 1979, P. 1079.
- 32 Lyshun Shen, "The Taiwan Issue in Peking's Foreign Relations" Chinese Year-book of International Law and Affairs, Vol.1, 1981, P.77.
33. Shi Ming, "Anti-Colonialism and the Taiwan Independence movement", The Four Hundred Years of Taiwanese History, San Jose, Ca., the U.S. 1980, PP. 1095-99.
34. Refers to "Manifesto of the United Formosans in America for Independence", New York, 1963; See also Douglas Mendel, The Politics of Formosan Nationalism, Berkeley, the U.S., 1970, PP. 2-8.
35. Chen Jitan, The Origins of Modern Chinese Nationalism, [Woquo Jindai Minzuzhuyi de Qiyuan], Taipei, 1961. P.15. The complicated issue of Chinese Nationalism has been discussed by many Western sinologists, notably in such works as J. Levenson's China: An Interpretive History; M. Wright's Approaches to Modern Chinese History, John Spence's China; and J. Sheridan's China in Disintegration.
36. See Allen S. Whiting, China Crosses the Yalu, Stanford, 1960. P.2. See also Samuel Kim, China, United Nations, and World Order, Princeton University Press, 1979, PP. 41-44.
37. See Mao Zedong's accusations against the KMT of alienating Chinese people repeatedly made in Xinhua Ribao and Renmin Ribao in 1949 and 1950; See also, Guo Bainian, "The Foreign Policy of the New People's Democracy", [Xin Minzhu Zhuyi de Waijiao Zhengce], The Study monthly [Xuexi Yuekan], Vol. 1, Oct., 1949, PP.13-5.
38. The five principles are: National independence, national freedom and equality, benevolence (Wang-dao) towards the minority races, international co-operation, and the promotion of world peace and friendly relations between states.
39. See Elie Kedourie, Nationalism, 1985, P.9.
40. James Mayall, Nationalism and International Society, 1990, P.50.
41. Anthony Smith, Nationalism in the Twentieth Century, 1979. PP. 152-53.

42. Hans Kohn, Nationalism: Its meaning and history, 1965, P.9.
43. Ong Ioktek, Taiwan: A History of Anguish and Struggle, Tokyo, 1979, p.129.
44. See Shi Ming, "How did the Uprising of February 28 Happen", Op.cit., P.750.
45. See Dangwai Yuekan Huibian (Collections of Non-party monthly), Taipei, August 1983. P.32
46. Victor H. Li, ed., The Future of Taiwan, 1980, PP.50-51.
47. See Yao jiawen, Chairman's report on the Second Party Conference, Democratic progressive Party, Taipei, 25, October 1988.
48. Allen Whiting, Op.cit., PP.3-4.
49. Indeed, the Chinese traditional state would have to be reformulated to meet contemporary norms of international society, i.e. the sovereignty and territorial integrity in line with clearer borders. But how the many disputed territories should be included in or excluded from Chinese control has become problematic in the 20th century. See Samuel Kim, Op.cit., PP. 19-48 & 51-93.
50. With regard to the American view of the strategic position of Taiwan, many books and comments were published in 50s and 60s, in particular during and after the Taiwan Straits crisis in 1958. Since the Sino-US rapprochement started in the early 70s, the strategic importance of Taiwan has, to a certain extent, been played down by the U.S. government; nevertheless, its vital significance to U.S. national interests and East Asian regional security is still being argued by scholars. For further details see R. Downen, "The Taiwan Pawn in the China game"; S. Gilbert, "North-east Asia in U.S. Foreign Policy"; Mary Ann Robinson, "The American Military and the Far East"; S.Gorshkov, The Sea power of the State; James Gregor, "Northeast Asia and Taiwan" and so forth.
51. Chiang Weiguo, The Strategic significance of Taiwan, [Taiwan zai Shiju zhong de Zhanlue Jiazhi.] Taipei, 1977, PP.103-108).
52. Ibid, PP. 52-53.
53. Ibid, P.133
54. See J.K. Fairbank, China: the People's Middle Kingdom and the U.S.A., 1967, P.57.
55. Martin Lasater, The Taiwan Issue in Sino-American Strategic Relations, 1984, P.153.
56. James Gregor, "Northeast Asia and Taiwan", Taiwan In A Time of Transition, Ed., by Harvey Feldman, Michael Y.M.Kao and Ilpong J. Kim. A PWPA Book, 1988, PP. 81-84.

57. Peng Minming, "The Taiwan issue in International Politics", Taiwan Institute, Michigan, 1986, Taiwan Bulletin, No.26, P.14.
58. Chiang Chingkuo, "Why We should never talk with the Communists", Der Spiegel interview, 16 May 1983.
59. The four principles include: China should remain a socialist country; should insist on proletarian dictatorship; should be led by Communist party; and should uphold Marxism-Leninism and Mao Ze dong thought. See Deng Xiaoping, Selected Works, Beijing, 1983, PP.150-51.
60. Ralph Clough, Island China, P.143. In late 1980s, when the mainland/Taiwan reconciliation developed further, the people of Taiwan started to visit China to "taste" the Communist rule, but few would live permanently in China. (See chap. 7.)
61. On Measures for the Peaceful Liberation of Tibet, i.e. the 17-Article Agreement, signed on May 23, 1951. See also Ya Hungzhang, Self-rule in Tibet, 1982.
62. "New Trick, Same Game", The Free China Journal, April 14, 1985.
63. See Renmin Ribao, September 1, 1991. See also Taiming Cheung, "Convenient Cudgels, Anti-reform conservatives turn to Mao's Tenets", Far Eastern Economic Review, Aug. 15, 1991 PP. 18-19.
64. Peter McKillop's interview with Premier Hau Pei-tsun of the KMT government in Taipei, Newsweek, December 23, 1991, P.33.

CHAPTER 2: HISTORICAL DEVELOPMENT OF THE TAIWAN ISSUE BEFORE 1971

The main reason why we decided to propose the policy of "One Country Two Systems" to solve the problem of Taiwan, is because the long lamentable history of Taiwan should not be forgotten. We ought to respect the historical facts and the ad hoc political situation on Taiwan. Most importantly, we should not repeat nor prolong the unhappy relationship with our compatriots on Taiwan.(1)

.....Deng Xiaoping, July 1984

Whatever may be the intention in stipulating the strategic policy of One Country Two Systems, Deng Xiaoping has pointed out that one of the main reasons he, and the PRC leaders, would prefer to opt for this policy to solve the Taiwan issue is the so called "historical consideration." It is true that the history of Taiwan is very different from that of any province of China. The issue of historical international disputes; the character and movements of separatism; the scars and scares of the Civil War; and the stalemate of international polarisation are all important in explaining the background of development of the Taiwan issue.

A. REVIEW OF THE INTERNATIONAL HISTORY OF TAIWAN BEFORE 1945

According to the official statements of both the ROC and the PRC, Taiwan was linked to the mainland in remote antiquity. The island was called Daoyi during the Warring States period. In the Han Dynasty it was called Dongti, and in the Three Kingdom period,

Yizhou. In the Sui, Tang and Song dynasties the Chinese called it RyuKyu. Not until the late Ming period did the Chinese call the island Taiwan. It is worth noting that the PRC primary school text-books claim that China's rule of Taiwan dates back 1,700 years: in 230 AD, Sun Quan the King of Wu sent a task force with 10,000 naval personnel to Taiwan. This was the beginning of the exploration of Taiwan by the Chinese.(2) In spite of the repeated announcements that Taiwan is historically part of China, a close examination reveals, however, that the Chinese had very little knowledge of the island lying in the sea east of Fujian, before the Portuguese navigators first arrived on the island in 1517.(3) The Portuguese gave the island, they had discovered, the name of "Ilha Formosa" (Beautiful Island) which became widely used in the western world and among the people on the island.

At the time the Portuguese landed on Formosa, the island was a formidable wilderness, inhabited mainly by native tribesmen who had no common leaders with which the Chinese could communicate. They had no established trade, and they were not prepared to pay tribute. The aborigines, unlike other peripheral nations, showed no desire at all to learn the Chinese language. Under China's long-standing isolationist policy, which forbade travel overseas, only a few Chinese fishermen, pirates and outlaw adventurers ever visited the island's shores. The Japanese were the first to maintain a hamlet which they named "Takasago" on a sandy islet by the coast. This was, in fact, a shelter for merchantmen and buccaneers who passed between Japan and China's forbidden coastal ports, or, made the long run to the ports of South-East Asia and the Philippines.

The Dutch, based on Java, landed on Formosa in 1622, and soon built a castle, a colonial town and a shipyard, making the settlement a midway station for Dutch shipping passing from the Dutch East Indies to the ports of China and Japan. The fort and town, called Zelandia (Peaceful Land.), stood on an islet named "Tayovon", later spelt "Tai-uan" by the Chinese emigrants. The name was extended to include the whole of the interior when the Dutch gradually brought it under their control.

Spaniards based in Manila were the first to chart Taiwan's northern coasts and to settle a garrison, a mission outpost, and a depot on the northern tip of the island, which they proposed to use as a base for a military, mercantile and evangelical campaign westward into China and northward through Okinawa into Japan.

Not the Chinese, but the Dutch opened up Taiwan as a plantation settlement, explored the interior lowland and set up scores of aboriginal village councils. The Dutch officers and Protestant missionaries gave the local languages written form, introduced new food plants, trees, oxen, poultry, and European farm utensils, while extracting such commodities as sugar, rice, rattan, camphor and sulphur for the European market. In July 1642, they drove the Spaniards from their narrow foothold in the north of Taiwan, and for twenty years thereafter held the island without challenge.

The Dutch steadily developed Taiwan for nearly forty years. The so called "European half-century" was a period of European style colonialism for the island. The Dutch recruited thousands of hardworking Chinese from the impoverished coastal districts of Fujian and Guangdong as cheap labour. Tens of thousands more,

defying Beijing's ban on emigration, crossed over on their own initiative as soon as it became known in the mainland coastal districts that the red-haired barbarians (the Dutch) had brought the fierce black-haired barbarians (the native aborigines) under some control. The waves of immigrants dramatically changed the composition of Formosa's population, and soon the majority of the islanders were Chinese. Most of the new-comers were single males, who soon found wives among the aboriginal women or married girls who were smuggled in from the mainland by pirates and merchants. They eventually settled down in Formosa, and their way back to China being completely cut off.

Dutch colonial rule in Formosa came to a sudden end in 1662. While the Dutch were opening up the island, the Ming court had collapsed. The new Manchu rulers of China and their collaborators gradually brought all the Chinese provinces under firm control between 1644 and 1662. The last resistance of the Ming loyalists was led by Zheng Cheng-gong (Koxinga), who built a fleet of ships and organised a Ming administration in exile on the Fujian coast, intending to destroy the newly formed Manchu regime in Beijing and restore the Ming rulers. Zheng was born in Japan, the son of a Japanese mother and an immensely wealthy Chinese father, and was brought up in Hirado in Japan. In 1661 Zheng was forced to retreat to the island of Jinmen (Quemoy). Seeking a safer place, he decided to take the Dutch colony of Formosa. After an eight month siege, he captured Zelandia and compelled the Dutch to leave the island. Instead of adopting the title used by the Ming dynasty, Zheng called his new territory the Dongdu (East Kingdom) on Formosa.(4)

The Dongdu Kingdom was an entirely independent territory, cut off from continental China and sustained by wide-ranging sea-borne commerce with Japan, South-East Asia, the Philippines and Europe. In the 22 years of Zhengs' rule, Formosa was essentially converted from a European colony to a de facto independent political entity. Since a number of proposals for a peaceful settlement with the Dongdu Kingdom were turned down, the Manchus decided to rid themselves of the intolerable nuisance of Formosa.(5) In September 1683 an imperial expeditionary force overwhelmed the little kingdom. The new king of Dongdu (Koxinga's grandson), and his senior officers were thrown out, as the Dutch had been, and sent back to Beijing. Most of the lower-ranking officers and soldiers were forbidden to return to their continental homes. The Manchus renewed the Ming edicts which banned people from the coast, and free communication between China and Taiwan was cut off once more.(6)

Although the Manchus had taken a military campaign against the Dongdu Kingdom, it had not envisaged occupying the island permanently, and had no plan for its long-term development. The question of whether the new island territory should be protected directly by the central government was the subject of acrimonious debate at the Court, and Beijing finally decided to send a swarm of officials and a garrison to Taiwan to enforce its will.(7) The Qing rulers declared Formosa to be a dependency of the province of Fujian and so it remained until 1887, eight years before it was ceded to Japan.

During the Qing dynasty, Taiwan experienced the inefficiency and corruption of the Manchu administration.(8) Furthermore, its

distance from the mainland made it a tempting target for the ambitions of the colonial powers. The British government was the first to act. In March 1842, it accused Beijing of covering up a case in which two British ships were captured off Taiwan and their crews killed. The British government brought this case onto the negotiating table of the Nanjing Treaty (Opium War) yet failed to include Taiwan in their list of ports to be opened to British trade.(9) In the 1858 Treaty of Tianjin, however, Britain achieved its long unfulfilled aim of opening up Taiwan as a trading post and it exploited the opportunities offered to the full. In 1874, Japan, fearing that the Western powers might take the island and thus threaten its southern frontier, sent an expeditionary force to occupy the south of Taiwan, on the pretext of punishing the aborigines who had murdered shipwrecked Japanese there in 1871. Through the intervention of Britain, Japan withdrew its force after receiving compensation from Beijing. In 1884 the French extended the scope of the Franco-Chinese War in Annam, when their navy occupied the Pescadores and put northern Taiwan under siege for eleven months. Taiwan was once again involved in international conflicts.(10)

These foreign encroachments forced the Qing Court to change its policies towards Taiwan. The Manchu government at last put some effort into reforms in Taiwan in an attempt to prevent the occurrence of incidents which could act as pretexts for foreign invasion. The imperial edicts restricting Chinese "emigration" to Taiwan were finally revoked. In 1887 the Manchus raised Taiwan's status from that of a dependency of Fujian to the rank of a province, although nearly two-thirds of the island at that time still lay outside official control.

The change in status and the reform programme came too late. Japan went to war with China over a quarrel concerning Korea, and defeated the Qing forces in 1894. China sued for peace. Under the terms of the Shimonoseki Treaty, signed in April 1895, China had to pay an indemnity and cede the Liaodong Peninsula, Taiwan and Penghu to Japan. The powers were worried that Japan had gained too much from the Treaty and was threatening their interests in mainland China. One week after the Treaty was ratified, Russia, France and Germany "advised" Tokyo to give up its claim to the Liaodong Peninsula. Japan was obliged to bow to this "triple intervention". Nevertheless Japan was left in unchallenged possession of Taiwan until the end of World War II.

Within two days of the signing of the Shimonoseki Treaty, the administration in Taipei received a cable from Beijing, informing it that Taiwan had been ceded to Japan and was no longer a part of China's territory. It called upon all government officials to return to the continent without delay. This offhand treatment shocked and angered the islanders, who considered they had been deserted by the central government and betrayed by the imperial negotiator, Li Hongzhang. The Taiwanese refused to accept the new situation especially when they learnt that the Liaodong Peninsula was to remain in Chinese hands in return for an increased indemnity paid to Japan. Many on the mainland also opposed the cession of Taiwan, but it was too late. The Manchu government was too weak to do anything other than abide by the treaty obligations.

The Taiwanese, however, anxious about their future, did not

give up so easily. They inaugurated the independent "Taiwanese Democratic Republic" (Taiwan Min Zhu Guo.) and formed a Parliament in Taipei. The former governor-general Tang Jingsong was made president, although still protesting his undying loyalty to the Qing Court. The formation of the first "Republic" in Asia took place in very peculiar circumstances. The people of Taiwan had neither sufficient political knowledge nor the experience to handle the state machine. The Taiwanese Democratic Republic was created primarily for the purpose of resisting the rule of Japan. Several telegrams were sent out appealing for international support, but none was forthcoming. (11)

After the cession was completed, Japan took the first step of cutting off Taiwan's previous connections with the mainland. In the first two years of Japanese rule, the islanders were offered a choice in determining their own future. Anyone who wished to take their movable property and return to China across the Strait was encouraged to do so. Those who wished to remain on the island, but to retain Chinese nationality, could register as resident aliens. All those who had not made a choice by May 1, 1898 were then automatically considered to be subjects of the Emperor of Japan. In these two years, less than 20 thousand of the three million islanders went back to the mainland or chose to keep Chinese nationality. More than 99 percent registered as Japanese subjects. This acted, as the Japanese wanted, as a kind of informal referendum, revealing that the Taiwanese regarded themselves as non-Chinese.

During over half a century of Japanese colonial rule, the Taiwanese went through a traumatic socio-politico transformation;

nevertheless, the islanders' anti-Japanese movement never ceased. The brutal suppression of rebellions on the island gradually made the islanders realise the futility of armed resistance, and they shifted their attention to attempts to reform the colonial system through political struggle. Taiwanese leaders, such as Lin Xian-tang, Jiang Weishui, believed that people in Taiwan should try to improve their political status through gradualism and moderation, winning concessions from the Japanese until, eventually, self-government was achieved. At that time, the Chinese Nationalists and the Chinese Communists both supported the Taiwanese anti-Japanese colonialism and self-rule movement.

B. CHINESE NATIONAL RULE, CIVIL WAR AND TAIWAN 1945 - 49

In December 1943, while the Second World War was still being fought, the allied leaders, Winston Churchill, Franklin Roosevelt and Chiang Kaishek met in Cairo. At the end of their meeting, they declared that after the war Japan would be stripped of all "stolen territories", and Formosa and the Pescadores should be "returned" to China. The pledge was reaffirmed at Potsdam in 1945 by the United States, Great Britain, and the Soviet Union. When Japan finally surrendered on August 14, 1945 Washington accepted that Formosa to be handed over to the Nationalists, and this move has had tremendous repercussions thereafter. So international and intranational politicking once again determined Taiwan's future.

When the news of the unconditional surrender of Japan was conveyed to Taiwan, people on the island were at first enthusia-

stic and stirred by profound emotion at the prospect of their future reunion with China. To some extent they were pleased to be free from the ruthless Japanese colonial rule. However, some were worried, as the aged recalled their early experiences under the mainland maladministration. The majority of the islanders, nevertheless, looked forward to the change and expected that Chiang Kaishek and his government would bring them a better life.

Not until ten weeks after the Japanese surrender, did the KMT government manage to send off its officers and security forces to Taiwan. The Kuomintang was preoccupied with the enormous problems of Manchuria and Northern China where the Russians had begun looting the factories and the Chinese Communists were taking over with Russian help. The transfer of Taiwan was a comparatively minor affair, less important to the Nationalists than their other difficulties. Furthermore, in order to fulfil the mission of taking over the island, Chiang and his appointed Governor Chen Yi desperately needed assistance from the Allies to deal with the release and return to Japan of half a million Japanese soldiers, officers, and their dependents. To help the Nationalists, General Wedemeyer organised a US Army Advisory Group to assist with the transport of Chinese troops to Taiwan and the repatriation of Japanese forces and civilians. On October 25, 1945 the Japanese Governor General formally signed the surrender documents. Fifty years of Japanese colonial rule then officially ended.

Enthusiasm for "liberation" was short-lived on Taiwan, for the KMT proved themselves objectionable. Instead of being treated as a liberated province, Taiwan was governed by the mainlanders like an occupied territory. The economic collapse of Taiwan was

the most serious consequence of the first 18 months of Chinese rule. Nationalist officers were accustomed to supplementing their low pay by various methods. Merchants, and even citizens, had to pay for government permits. The consequent "red tape" provided opportunities for bureaucratic corruption. The mainlanders placed all Japanese property under their own control. Fishing-boats were diverted by the officials to deliver food to the mainland. Banks began making heavy loans for private purposes and the value of the currency dropped dramatically. There is substantial evidence to prove that wealth was drained from Taiwan with little or no return to show for it. All this maladministration was, however, justified by the KMT rulers in the name of supporting the central government in the elimination of the "Communist bandits".

The further frustration of the Taiwanese crystallised in Jan. 1947, when it was proposed that the introduction in Taiwan of the new constitution of the ROC should be postponed.(12) The reason given was that the Taiwanese had been under Japanese rule for too long and would be unable to abide by Chinese law. Throughout the year of 1946 they had been told that, when the new constitution took effect, the locally elected officials would exercise greater control over the police and public services. But now it appeared that the KMT military occupation would go on for an unspecified period. This not only caused insecurity about personal & property rights but the citizens continued to be precluded from participation in political affairs. It was not an incomprehensible accident when on Feb. 27, 1947, the police fired on an angrily protesting crowd, and an overall uprising ensued.(13)

Like the many previous uprisings in Taiwan's history, the

incident was a spark which ignited the whole anti-suppression and anti-exploitation movement throughout the island. In the following week, the governor's office was occupied, governor Chen Yi at one period had to go into hiding; the broadcasting station and newspapers were taken over; the airfields and mass transportation systems were controlled by the "rebels"; even the military powder magazines were destroyed. Within a short time, the island was entirely under the islanders' control. A political Ad hoc Settlement Committee was set up and a self-rule government proposed.

The uprising in Taiwan shocked many people and embarrassed the Nanjing government. Chiang Kai-shek asserted that the rebels were incited by the Communists. In order to prove that the CPC were responsible, the KMT claimed the incidents were purposely timed for Feb. 28, which in Chinese could be written as the character "Gong" Communist.(14) Chiang then ordered a task force to Taiwan. As soon as the expeditionaries arrived, Chiang instructed Chen Yi to make a brutal massacre of the rebel islanders in retaliation. At least 20,000 people were killed, executed or disappeared.(15) The international repercussions of the massacre were substantial. A letter from General Wedemeyer to the Secretary of State of the U.S., General Marshall, described the incident as follows:

"Our experience is most enlightening. The administration of the Governor Chen Yi has alienated the people from the Central Government. Many were forced to feel that conditions under autocratic rule (i.e. Japan's rule) were preferable The Central Government lost a fine opportunity to indicate to the Chinese people, and to the world at large, its capability to provide honest and efficient administration. They can not attribute their failure to the activities of the Communists or of dissident elements. The people anticipated sincerely and enthusiastically their deliverance from the Japanese

yoke. However Chen Yi and his henchmen ruthlessly, corruptly and avariciously imposed their regime upon a happy and amenable population. The army conducted themselves as conquerors. Secret police operated freely, intimidating and facilitating exploitation by Central Government officials..... There were indications that Formosans would be receptive towards U.S. guardianship and UN trusteeship. They fear that the KMT government contemplates bleeding their island to support the tottering and corrupt Nanking machine, I think their fears well founded

"(16)

In May 1947 Chiang Kaishek dismissed Governor Chen Yi on the advice of Secretary Marshall, and appointed a moderate Governor, Wei Daoming. During his 18 month governorship, Wei tried to make a sincere, though largely ineffective, effort to ameliorate the living conditions of the Taiwanese. While the CPC was preparing their last assault across the Yangze river in the winter of 1948, Taiwan was assigned by the Nationalists to be the last resort for retreat. Wei was abruptly dismissed and his plans for improving economic and political conditions were completely wrecked. Chiang sent General Chen Chen, (who became Vice President and Premier of the ROC in the 50s and 60s) to govern Taiwan so as to ensure the safety of the island. Meanwhile, Chiang's elder son Ching-kuo was appointed KMT party chief on Taiwan.

While the Taiwanese experienced a painful time with the KMT, people on the mainland suffered no less severely. The end of the war with Japan did not restore peace in China. The power struggle between the KMT and the CPC, which had been suspended when Japan invaded China's heartland in 1937, was again resumed. Though long lasting, but fruitless, political negotiations were somehow kept alive, the two parties nevertheless were resolved to settle their differences in a final showdown. The Chinese Civil War once again exploded in 1946. The U.S. had tried to prevent the disaster for

the sake of maintaining her interests in China and in East Asia. President Truman attempted to impose a more even-handed policy - proposing that Chiang should share power with Mao. To further this, the U.S. had reduced military aid to the KMT in order to restrain Chiang's attacks on the CPC. Meanwhile, General Marshall was sent to China to bring about a peaceful unification of China. After long and tiring peace-making efforts, he failed to achieve any satisfactory result for either side.(17)

The Civil War resulted in fatal disaster for Chiang Kaishek. The KMT were swept out of Manchuria and Northern China by the end of 1947. Beijing fell to the CPC, with the help of Chiang's most reliable top-ranking military officials. They defected to the CPC with 3 quarters of a million of the best equipped troops. Chiang, therefore, lost the great post-war advantage which U.S. support afforded him. The real turning-point of the Civil War came after the KMT troops were decisively defeated at the battle of Huaihai on the plain of the Yellow River. When the PLA safely crossed the river on the way south, the total collapse of the Nanjing regime was only a matter of time. Chiang was blamed by his political rivals within the KMT group for initiating the war and it was claimed, should take personal responsibility. His authority in the party weakened and his leadership in doubt, Chiang was forced out of his post as president. He resigned at end of 1948, and the Presidency was assumed by Vice-President Li Zongren, one of Chiang's long-term precarious partners. The change of leadership was welcomed by the US government. Having support from the White House, Li made a serious effort to negotiate with the Communists. Due to the weakness of the KMT, the lack of sincerity of the CPC,

and discord among the KMT group, hardly any substantial agreement was anticipated.

Chiang Kaishek's decision to take refuge on Taiwan was crucial. Following the collapse of the Nationalists on mainland China, he quietly instructed his son to make the final preparations for the retreat to the island. Taiwan, obviously, was the most defensible place to which Chiang and his followers could retreat. Separated from the mainland by a hundred miles of choppy water and further isolated by the unfriendly monsoon weather, the island would be a difficult fortress for the Communists to attack, lacking, as they did, sufficient strength on the sea and in the air. Internally, after the incident of February 1947, the anti-KMT dissidents had been either executed, imprisoned or exiled. The newly-formed Taiwanese Independence Organisations in Hongkong and Japan lacked sufficient strength to challenge Chiang's position in Taiwan.(18)

From Jan. 1948 to the Autumn of 1949, about 1.5 million mainlanders moved into Taiwan to live among the 6 million Taiwanese. To prevent communist underground agents from stirring up local dissatisfaction with the defeated Central Government, and to circumvent the impact of the Taiwan independence movement on the unreliable islanders, Martial Law was imposed on Taiwan. The so called "Temporary Provisions Effective During the Period of Communist Rebellion" were adopted, suspending the implementation of the Constitution of 1947, and empowering Chiang Kaishek to promulgate his own laws.(19) For the forty ensuing years the people of Taiwan had been living under martial law.

On Oct. 1, 1949, with most of the mainland provinces already held by the CPC, Mao Zedong proclaimed the establishment of the

PRC. The day after the "People's Central Government" was founded, the Soviet Union extended recognition to the new regime. Having been cold-shouldered by the PRC leaders, the U.S. then issued a statement on 3rd October, reaffirming its recognition of the KMT government, which had moved down to Guangzhou from Nanjing.(20) At the same time Chiang Kaishek set up his "temporary" Capital of the defeated regime in Taipei. Taiwan, then, was established as his last base from which to seek to attack the Communists and recover the mainland. "Xiaomie Gongfei, Guangfu Dalu" (Wipe out the red bandits and recover the mainland.) became the official slogan of the KMT. With this slogan Chiang tried to justify and legitimise his minority rule of Taiwan.

Chiang arrived in Taiwan on Christmas Eve of 1949 and resumed his presidency in March 1950. Soon international history turned another page. The Korean War led the US and the newly-formed PRC into direct confrontation. Chiang was at that time on his way to India, Korea and the Philippines in an effort to form an Anti-Communist Front League. Although Chiang failed to win any substantial support from the Asian leaders for his anti-communist cause, the American intervention, however, protected the KMT from possible Communist attack. The Taiwan issue was hence internationalised and it was to become a major point of international conflict in the years ahead.

C. THE KOREAN WAR AND TAIWAN 1950 - 53

Although they are separated by 700 miles of the western

Pacific Ocean, Taiwan and Korea have shared a, somewhat, similar destiny for much of the past hundred years. The Sino-Japanese war of 1894-85, concerning a dispute over Korean suzerainty, resulted in Taiwan being ceded to Japan in perpetuity. The attack by the North Korean forces against the South in June 1950, which brought the PRC and the U.S. into direct conflict, also changed the fate of Taiwan.

After the military victory of the CPC on the mainland, it became obvious that without Soviet air and naval support, Beijing could hardly fulfil their ambition to cross the Strait and rid themselves of the Nationalist remnants. During his lengthy stay in Moscow, between Dec. 1949 and Feb. 1950, Mao and Stalin had signed a treaty of Sino-Soviet Alliance which included the clause "In the event of an invasion of the signatory countries by a third country, the other signatory country shall render assistance by all means at its disposal"(21) This agreement, seemingly, would give the CPC the green light to attack the KMT on Taiwan. In December 1949 and January 1950, Kim Il Song of North Korea and Ho Chi Min of North Vietnam made their secret trips to Moscow to meet Mao and Stalin. According to a research by Liang Jindong, the four communist leaders had set out a schedule that the liberation of Taiwan and the unification of Korea were the first priority of the world communist liberation movements in 1950.(22)

While the communist leaders were having their clandestine meeting in Moscow, Washington had made an announcement concerning its policy towards Taiwan. The statement of President Truman of America read:

"..... the United States has no desire to obtain special rights or privileges or establish military bases in Formosa at this time. Nor does it have any intention of utilising its armed forces to interfere in the present situation.... The United States government will not pursue a course which will lead to involvement in the civil conflict in China. Similarly, the United States government will not provide military aid or advice to Formosa." (23)

In the light of this statement, it seems that the stance of the U.S. could be explained in two ways; 1). to tell Soviet Russia that no other power should intervene in China's unfinished civil war i.e., the liberation of Taiwan. 2). to indicate tacitly to the PRC that the US government was prepared to accept and even recognise China's new regime, so long as the PRC did not pursue its policy of "Leaning to One Side". Underlying Truman's statement, then, was the expectation that the US and the PRC would establish a better relationship. But, this expectation was not fulfilled. The formation of the Sino-USSR Alliance meant that no possible modus vivendi between the PRC and the US could be envisaged.

The full-scale attack by North Korean forces against the South provided the US with a good pretext for reversing its policy on Taiwan. Washington claimed that Kim Il Song was fighting a Soviet proxy war, that the US was therefore justified in protecting the KMT on Taiwan as a way of stopping Communist expansionism. Forty-eight hours after the war broke out, President Truman declared a U-turn in U.S. policy on Taiwan;

" The attack upon Korea makes it plain beyond doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In this circumstances, the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to

United States forces performing their lawful and necessary functions in that area. Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action, I am calling upon the Chinese government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations." (24)

This emergency measure of neutralising the Taiwan Strait not only impelled Washington to intervene directly in the unfinished Chinese civil war, but also forced the PRC to regard the US as its implacable enemy. Moreover, the decision to abandon Chiang Kaishek to his fate and to eschew legal quibbling over Taiwan had been duly reversed.

A few hours after Truman's statement, Zhou Enlai, the PRC's Premier and Foreign Minister asserted that the U.S. actions constituted naked aggression against the territory of China and total violation of the UN Charter. Zhou also charged that Truman's statement openly exposed and put into operation his premeditated plan of invading Taiwan and other Asian nations. The PRC angrily rebutted the U.S. assertion that the status of Taiwan was undetermined and accused Washington of seeking to gain control over Taiwan with its imperialist "wolf in sheep's clothing" ambitions. Zhou then declared that "no matter what obstructive action the US imperialists may take, the fact that Taiwan is part of China will remain unchanged. And Chinese will fight to the end to 'liberate' Taiwan from the grasp of the American aggressors." (25)

The highlights of the conflict between the PRC and the US on the Korean peninsula have been discussed in many books, and one

would not wish to repeat them. The effects on the Taiwan issue of the Sino-US war in Korea were, however, 1). a radical change in US policy towards Taiwan and 2). the prolonging of the Nationalists controversial status in the international arena.

Before the Korean War broke out, the PRC had demanded the seat in the United Nations. However, at that time, the majority of the members of the UN were strongly influenced by the foreign policy of the US, and still recognised the ROC as representing China in this world body. On July 6, 1950, ten days after the US dispatch of the Seventh Fleet to the Taiwan Strait, Zhou Enlai telegraphed the UN Secretary-General Trygve Lie protesting that the US action constituted an act of open aggression. On August 24 and September 17, Zhou cabled twice to the Security Council stating that as the sole legal government representing the Chinese people, the PRC government accused the US of armed aggression and requested the Council to take action against the US. Furthermore, Zhou claimed that being the accuser in this case his government had the right and indeed, the obligation, to send its delegation to participate in the proceedings of the Security Council. The Security Council adopted the solution of inviting the PRC to attend its meeting. The agenda item "Complaint of armed invasion of Taiwan" was duly set for debate on November 27th, 1950. (26)

The PRC accepted the invitation of the Security Council. On November 28, 1950, Wu Xiuquan, leader of the PRC delegation, made a lengthy speech attacking the US armed aggression against China. Wu categorically rejected the US view that the status of Taiwan had yet to be decided by international negotiation, and asserting that "...long before Christopher Columbus discovered America, the

Chinese people were already in Taiwan, and long before the United States achieved its own independence, Taiwan had already become an inseparable part of the territory of China. In particular, the US had never questioned the Chinese right to exercise sovereignty over the island, after World War II".(27) Wu repeatedly protested that, in no sense whatsoever, can the civil war in Korea be used as a justification or pretext for US aggression against Taiwan. He asked the members of the Security Council: "...Is it conceivable that because of a civil war in Spain, Italy should be entitled to occupy the French territory of Corsica ? If a country dispatched its naval fleet between Hawaii and the US mainland, divided up its territory and prevented the US from exercising sovereignty there, while at the same time alleging that such action has been taken for the military neutralisation of Hawaii in order to safeguard security in the Pacific, would American tolerate that ?"(28) In his speech, apart from demanding that the delegates of the KMT should be expelled and the delegates of the PRC admitted, Wu also proposed that the UN Security Council:(29) -

1). - openly condemn and take concrete action against the US government for its criminal acts of armed aggression against the Chinese territory of Taiwan.

2). - adopt effective measures to bring about the complete withdrawal by the US government of its forces from Taiwan.

3). - immediately adopt effective measures to bring about the withdrawal from Korea of the armed forces of the US and other countries and leave it to the Korean people to settle their domestic affairs.

Despite the strong speech of Wu Xiuquan, the draft resolution of "condemnation of the US armed aggression" against China was

rejected by the Council by nine votes to one with one abstention. During the same period, the USSR and the US each sponsored an agenda item concerning Taiwan in the General Assembly. The debate in the General Assembly reached no conclusion on restraining US forces from exercising in the Taiwan Strait. The motion then proposed by Britain, that to adjourn consideration of the item "in view of the unsettled state of the situation in the Far East" was accepted.(30) From then on, no further debate on the Taiwan issue was held, until the Taiwan Strait Crisis reappeared in 1954-55.

While the Taiwan issue was being heatedly debated in the UN, the McCarthyite red scare convinced many American people that the Chinese communists were a dangerous, aggressive power threatening world peace. The U.S. then pursued a controversial policy towards Taiwan. A delegation sent from General MacArthur's headquarters in Tokyo arrived in Taiwan to assess the military needs of the KMT. Soon the US 13th Air Force set up liaison offices in Taipei; 92 million dollars of military and economic aid was allocated for the KMT government in 1951 and increased annually thereafter.(31) Thousands of army personnel were prepared for a long-term, if not permanent, stay on Taiwan. The American charge' d'affaires in Taiwan, Karl L. Rankin later commented on the policy:

"The US program for Taiwan was on a comprehensive, medium to long-term basis which foresees making the island economically self-supporting except for such assistance as may be required to maintain a larger-than-normal military establishment until peace and security are re-established in the Far East."(32)

The outbreak of the Korean War also caused a problem regarding the international legal status of Taiwan, because the signing of the post war Japanese peace treaty had been delayed and the out-

come of the Chinese civil war had made it difficult for Tokyo and Washington to insist that the ROC government on Taiwan still be regarded as the sole legal signatory on behalf of China.(33)After the PRC's assertion in the UN that the US had perpetrated armed aggression against Chinese territory, the US would need a legal basis to justify its position: that it was necessary "to prevent the Chinese Communists' attempting to invade Taiwan, so as to maintain the security and peace of East Asia".(34) Washington, then, repeated that the international status of Taiwan was yet to be determined. Later, the US inserted some ambiguous provisions about the unsettled legal status of Taiwan in the Japanese Peace Treaty.

The negotiations on the Japanese Peace Treaty started in June 1951 in San Francisco. Neither the PRC nor the ROC was invited to the peace conference. On the one hand, Britain and others that had recognised the PRC as the legitimate government of China strongly opposed the ROC's participation; on the other hand, the US would in no way consider accepting the PRC as a participant, since the hot war was continuing in Korea and Zhou Enlai repeatedly charged that the US draft peace treaty violated the Cairo Declaration and the Potsdam Proclamation by failing to provide for the return of Taiwan to the PRC. The treaty was signed in Sept. 1951, however, the status of Taiwan remained uncertain. Article 2 reads "Japan renounces all rights, titles and claims to Formosa and the Pescadores." Article 26 makes the provisions that "Japan will prepare to conclude a bilateral treaty with any state which signed or adhered to the United Nations Declaration of January 1, 1942, and which is at war with Japan."(35)

Under American instruction, the ROC-Japanese peace Treaty was initiated with a formula that 1) it should avoid the possible implication in the wording that after the conclusion of the treaty, Taiwan legally became a part of Chinese territory, 2) the treaty is applicable only to those areas under the control of the ROC. Chiang Kaishek was angry and disappointed at the proposal, for it would impair his claim to the Chinese mainland and the ROC's position in the UN as the only legal government of China. Potentially more damaging was the likelihood that, if he signed the peace treaty, the KMT regime, for as long as it was based on Taiwan, would have to face a challenge of its legitimacy from the Taiwanese who made up 85% of the population of the ROC yet shared no power in the government. Taking into consideration the whole situation at that time, however, Chiang had no option but to bow to the US formula. It was hard to "drink poison to quench ones thirst" as Chiang at the time told his Foreign Minister, George Yeh, sometimes one may have to.(36)

The PRC faced a harder U.S. policy after General Eisenhower was elected president in November 1952, and appointed John Foster Dulles as his Secretary of State. Eisenhower's first act was the unleashing of Chiang Kaishek, by modifying Truman's orders to the Seventh Fleet; no longer would it have to prevent the KMT attacks upon the mainland from Formosa.(37) It was understandable that a major Nationalist attack was unlikely without US support, but the gesture signalled the new administration's tougher attitude. The main purpose of unleashing Chiang, according to Eisenhower, was to put the PRC on notice that the days of stalemate in Korea were numbered; that the War could either end or be extended beyond the

Korean Peninsula. Following the death of Stalin, the tough gesture of Washington, somehow, did bring the Korean war to an end. The hostilities between the PRC and the US however did not diminish.

D. TESTING OF THE NEW MODALITIES 1954 - 58

During the Korean War, the US had completed several mutual defence treaties with East Asian and Pacific countries. When the cease fire agreement of the Korean War was finally signed in July 1953, the US concluded a similar security treaty for the protection of South Korea. (38) Since the conclusion of Korean Military Armistice Agreement, the reason for US intervention in the Taiwan Strait area no longer existed. A US-ROC Mutual Defence Treaty was therefore considered necessary. Moreover, in hardening the US attitude toward Communist expansion in South East Asia, President Eisenhower promoted the formation of the South East Asia Treaty Organisation (SEATO), which was designed to support the US global strategy of containment. Beijing regarded these measures as offensive and reacted decisively.

Five days before the SEATO treaty was signed, the PRC laid down a heavy artillery barrage against the offshore islands of Jinmen (Quemoy), Mazus (Matsus) and Dachens (Tachens) which were still occupied by the Nationalists. The crisis intensified as the PLA took over the Dachens. Meanwhile, the concentration of troops on the mainland opposite Taiwan increased. The US response to the new crisis was to complete a Mutual Defence Treaty with the ROC

in December 1954. The treaty committed the US to defending Taiwan and Penghu, and left open the question of the defence of the off-shore islands. The PRC again denounced the treaty and reaffirmed its determination to liberate Taiwan.(39)

In April 1955, the tension of the Taiwan Strait crisis was somewhat reduced by Zhou Enlai, during the course of the Afro-Asian conference at Bandung, Indonesia. At the conference, Zhou issued a statement expressing "the Five Points Principles of Co-existence".(40) He also indicated that the PRC's willingness to negotiate with the US. Secretary Dulles cautiously examined the proposal and later accepted the holding of talks at ambassadorial level. The negotiations started first in August 1955, in Geneva, later moved to Warsaw. The Sino-US talks lasted about 16 years, until President Nixon's visit to Beijing in 1972. During these long negotiations, apart from the mutual return of civilians, no crucial issue was conceded by either side. The US was determined to maintain the ROC on Taiwan and was anxious to get the Chinese to agree to renounce force in the Taiwan area. The PRC, however, were not prepared to surrender their right to use force in the settlement of a dispute over the unfinished civil war.(41)

With the ultimate objective of securing the removal of the 7th Fleet from the Taiwan area, the PRC made a counterproposal to get the US to agree to mutual renunciation of force as its long term strategy. The PRC then openly advocated a peaceful liberation of Taiwan.(42) This offer was rejected by both the KMT and the US. The Kuomintang argued that the Communists' offer was an insulting gesture; what needed liberation was not Taiwan but the mainland. It also regarded the peace offensive as an attempt to "bewitch the people of the free world, wreck the unity among the free loving

countries and isolate the United States".(43) The US did not make any positive response to the proposal, since the PRC's position at the Geneva talks had not changed.

From Beijing's point of view, the dangers inherent in the stalemate over the Taiwan issue were partly due to the KMT's reliance on what was known as US brinkmanship and containment policy toward the PRC; and partly stemmed from the need to keep the status of Taiwan undetermined in order to justify US forces remaining in Taiwan. For this reason, the PRC started to accuse the US of intransigence, and to denounce American dilatoriness at the Ambassadorial talks.

The Chinese posture in foreign affairs had become harder in 1957, when Mao Zedong made his celebrated speech at the 20th World Communist Conference in Moscow declaring that "the East Wind had prevailed over the West Wind". When the Middle East crisis broke in July 1958, Mao believed that that was an opportunity to test US intentions, to see how much protection it would give Taiwan.(44) On August 23, the PLA laid down a massive artillery bombardment of Jinmen and Mazu islands. The US prompt reaction was not only to pledge American support for the ROC in the event of an attack on it, but also to deploy 6 aircraft carriers and nearly a hundred warships along the Taiwan Strait to protect Taiwan from further PRC attacks. Despite this firm attitude of the US, on September 4, the Chinese claimed that their territorial waters extended for 12 miles offshore. This was a clear challenge to the American navy which convoyed Nationalist supply vessels to the offshore islands. Dulles staunchly rejected the 12-mile claim and justified his right to defend the Nationalists under the terms of

the "Formosa resolution".(45)

The Taiwan Straits Crisis of 1958 caused much alarm in the world community. It had also revealed problems between the PRC and the USSR. Mao was rather disappointed by Moscow's reticence during the crisis. Khrushchev was equally unhappy about the way the Chinese had initiated a new conflict which could threaten the safety of the tense bipolar world. The Chinese Foreign Minister Chen Yi recalled in his unpublished memoirs that "In relation to the problem of Taiwan, Moscow did not honour the promise made in the Treaty. It was inevitable that our relationship was seriously jeopardised because of this unfair master and servants mentality which still remains.... We should understand that the recovery of our fatherland can not depend on any one but ourselves".(46) At some point in 1959 and 1960s, Mao made a decision to struggle against the Soviet foreign policy and Khrushchev personally which he worked for peaceful coexistence with America.(47)

Chen Yi also commented on the issue stating: "I fully agree with Comrade Enlai, to solve the Taiwan problem by negotiation would be better, even though the US imperialists have not been talking to us sincerely, but time is on our side."(48) This idea, indeed, contradicted Mao's speech at the Supreme State Committee Conference on September 5, 1958, in which he expressed the belief that the Taiwan Straits crisis had brought the US to the gallows. What was the point of negotiating with a person whose head lay in one's noose? The difference in attitudes between China and the USSR and among the PRC leaders, in a certain sense, had prolonged, as well as stabilised the crisis on the Taiwan issue. Beijing Radio first broadcast that the PRC would be ready to wait "five

or ten years" to settle the problem of Taiwan, then on October 25 the PRC Defence Minister, Peng Dehuai, announced an "even-date" cease-fire on the offshore islands. Meanwhile the Sino-US talks in Warsaw which were suspended by the Straits crisis resumed, but "changed from the diplomatic talks to that of stalemate." (49)

The US, on the other hand, was also put in an awkward situation by the Straits crisis, for it had caused the Western powers to put tremendous pressure on the US Government to abandon the defence of the offshore islands. The Western Bloc worried that a direct confrontation between the PRC and the US would turn the Cold War into a world-wide conflict. President Eisenhower and his Secretary of State therefore pressed Chiang Kaishek to reduce the Nationalist garrisons on the islands, once there was a ceasefire. During the offshore islands crisis, US-ROC high level talks were held in Taipei. Dulles stressed that the US would restrain the ROC's military activities. Chiang therefore realised that the US protection was limited and conditional.

The Chinese did not respond positively to Dulles' remarks on the offshore islands. They seem to have become concerned lest the Americans were attempting to force the Nationalists' withdrawal from the mainland coast in order to secure the so-called "Two Chinas" solution to end the Chinese civil war. The People's Daily Editorial on October 30, 1958 clearly expressed this fear:

The creation of "Two Chinas", it must be pointed out, is merely a matter of expediency for the United States. The United States wants first to separate Taiwan from China and then to isolate it completely, so as to facilitate its control over the Chiang Kaishek clique and strengthen its occupation of Taiwan..... Once Taiwan becomes a "de facto political unit" independent of China, the United States could use some pretext or other to place it under trusteeship. In this way, the United

States would make a double gain: on the one hand, it would legalise its seizure of Taiwan and turn that island into a US colony; at the same time, by involving certain other countries, it would get them to share its responsibility for the aggression. The Chiang Kaishek clique clearly has no place in this sinister scheme. Nixon (the Vice-President) declared that the aim of the United States in the Far East was to make Taiwan an "island of freedom" rather than "to tie the United States policy to Chiang Kaishek." Isn't the meaning of these words clear enough ? (50)

A similar stance could be found in Peng Dehwai's broadcast, in which he appealed to "compatriots in Taiwan" to join the PRC and achieve national unity so as not to fall into the US subtle plot to isolate Taiwan and place it under trusteeship.(51)Chen Yi also told foreign diplomats in Beijing on December 16, 1958 that "the PRC's policy was either to liberate all the offshore islands Taiwan together, or to preserve the present situation".(52) The 1958 Straits crisis did not change any territorial controls, and the PRC has thereafter not attempted to seize or blockade the offshore islands.

During Taiwan Straits crises in 1954-55 and 1958, the PRC attempted to solve the Taiwan issue by military means. But, in so doing, they ran the risk of confrontation with the US. Despite being stalemated by the excessive intransigence, emotionalism and mistrust of both sides, the Sino-US talks held in Geneva and Warsaw, totalling over 130 rounds of negotiations, considerably reduced the risks of escalation of their political sparring. All these military and non-military attempts to settle the Taiwan dispute have reflected themselves as the new modalities of Sino-U.S. relations combining external and internal interactions: both sides were testing the response of their enemy. The leaders of the PRC and the U.S. realised that seeking a solution to the

potentially explosive issue of Taiwan was almost impossible at that time and in such a sensitive international atmosphere. Therefore, each side tacitly acquiesced in maintaining a fragile peace in the area of the Taiwan Straits. For the PRC, a prolonged impasse over reunification with Taiwan was consequently inevitable. On the other hand, instead of overtly claiming its global strategic interests, the U.S. was asserting that to fight Communist expansionism by preventing Taiwan from being ravaged by the PRC was a matter of moral principle.

E. THE STABLE CRISIS 1959 - 71

The Great Leap Forward, initiated by Mao Zedong in 1958, soon turned out to be a calamity to the Chinese on the mainland. With the decline of agricultural production in the newly established communes, the total failure of the project of so-called the backyard steel mills and further suffering caused by adverse weather conditions, China painfully struggled through the three bitter years (1959-62). In terms of international relations, the worst was that while external pressure from the US showed no sign of lessening, it was evident that the Sino-Soviet alliance had been damaged when Moscow abruptly stopped its economic aid and withdrew its technicians from the PRC in 1960. The deep Sino-American hostility and the new Sino-Soviet rifts put China in the position of being challenged by both superpowers. Mao and the other PRC leaders therefore perceived that domestic conditions and the international situation impelled China either to be a member of the socialist camp under Soviet leadership, or to stand

on its own feet and play a critical role in the world community. Mao led the PRC to choose latter. China proclaimed that it would achieve socialist reconstruction through self-reliance and pursue its fully independent international status.(53) From 1960 onwards the PRC's major foreign policy goals, such as security, political and economic independence, and reunification, have remained in remarkably high profile. But the Taiwan issue which had long been complicated by international involvement was not susceptible to an internal solution as the PRC had always hoped. The issue, therefore, has remained in a rather delicate but stable balance.

While leaders in Beijing were drawn into the problems of domestic, political disputes and socialist family quarrels, the U.S. showed its interest in pursuing a "Two Chinas" or "One China One Taiwan" policy. When John Kennedy was elected president of the US in 1960, he felt dissatisfied with his predecessors' failure to break new ground on China policy. And the difference between his new administration and Eisenhower's has been much demonstrated. Throughout his White House years, Eisenhower supported Chiang Kaishek's claim that the ROC on Taiwan was the sole legal Government of China. Kennedy, however, indicated, even before his election, that he was prepared to think in terms of some form of a two-Chinas solution. In an interview with a correspondent of the British Sunday Times on July 3, 1960, Kennedy confirmed that "it might be possible that Formosa could be recognised as an independent country".(54) The PRC, disturbed by the new attitude, in return, spewed unremitting vituperation upon President Kennedy throughout his presidency.

During John Kennedy's administration, various formulas for

"two Chinas" were proposed: (55)

1). An independent state of Taiwan : According to this formula, the US would force the KMT to withdraw their troops from the off-shore islands, and then Taiwan would be declared "Independent" and made a new member of the UN, while the PRC would be admitted into the UN and the Security Council on condition they undertook not to liberate Taiwan by force.

2). Placing Taiwan under the UN trusteeship or protection : The rationale behind this formula stemmed from the the fact that the "status of Taiwan remained unsettled". It was vital to allow the inhabitants of Taiwan to determine their destiny by plebiscite, supervised by the United Nations.

3). The "two successor states" formula : This "successor states" formula was explicitly advocated by US Under-Secretary of State, Chester Bowles in July 1961. He envisaged that both the PRC and the ROC on Taiwan could be regarded as "successors" to China and Taiwan. The ROC would be allowed to continue to sit in the UN, while the PRC should apply to the Credentials Committee of the General Assembly for approval to occupy a seat in the General Assembly.

4). One and a half Chinas: The main idea behind this formula was to recognise Chinese suzerainty over Taiwan, and turn Taiwan into an autonomous area which would retain the right to handle its foreign affairs independently. To achieve that, the PRC should be accepted as having the right to a seat in the UN, while giving Taiwan a separate seat in the international body. The formula was initiated by one of Kennedy's senior advisors, John K. Fairbank.

All the overtures made by the US were linked with the UN seat. Since 1951, the US had secured a majority in the General Assembly to postpone discussion of the Taiwan issue and the Soviet move to seat the PRC. But this support declined over the years. Having rejected the PRC's claim to Taiwan, Kennedy's tactical change on the Chinese seat in the UN, was to reclassify Chinese representation as an important question which required a two-third majority to be passed. The device of the "important issue" resulted in excluding the PRC from the UN for another ten years.

The PRC denounced the aforementioned "Two Chinas" formulas, as absurd. The People's Daily Editorial of July 14, 1961, "There is only one China, Not two" vehemently accused the US government, declaring that:

"The Kennedy government, like his predecessor's, still recognised the KMT clique as an independent political entity and is now attempting to name the KMT clique as a successor state to China in the UN so as to create a situation of a big China and a small China existing side by side and on a par with each other..... The only difference is that Kennedy's predecessor used the 'half and half' division method to break China up into two, while Kennedy is using the 'two-times-one-is-two' multiplication method to transform one China into two Chinas. In fact this 'two Chinas' policy is a continuation of the US policy of aggression and hostility towards China The Chinese people will never tolerate any interference in China's internal affairs, - in the liberation of Taiwan, or any encroachment on China's sovereignty or splitting of China's territory." (56)

It is important to note that the above fourth formula of "One and a half Chinas". John Fairbank thought the Two Chinas concept was unpopular, therefore he proposed that "instead of imposing the obnoxious term 'Two Chinas' from the outside, we might better describe the situation realistically in Chinese terms as one of Peking's suzerainty and Taipei's autonomy". (57) Officially, the

PRC though never accepted the idea, Chen Yi's Memoir mentions that Premier Zhou Enlai had discussed this issue with Mr. x x (58)

Mr. x x : " Prime Minister, what do you think of the Fei Zhengqing's (Fairbank's) formula of a One and a half China(s) solution to Taiwan ?"

Premier Zhou:" I think it's interesting, don't you ? He had lived in China for long enough to know Chinese tastes and appetite, but this small appetiser seems mixed with the wrong ingredients, prepared by the wrong chef and served at the wrong occasion, I suppose."

Mr. x x : "Who can cook Jingcai (Peking style dishes.) then Prime Minister, and what are the right ingredients ?"

Premier: "Would you mind if one day Chiang Kaishek were sitting beside us here ? I believe that would be a good thing for all Chinese people. Nevertheless, the Americans are always naive. How can two hats be put on one and a half heads ? The Chairman (Mao) joked with me the other day saying Generalissimo Chiang was quite right to hate Fei Zhengqing, because he attempted to cut off half of Chiang's head."

This conversation reveals that the leaders of the PRC did consider the feasibility of peaceful negotiations with Chiang Kaishek, even in the early 1960s. But the PRC leaders certainly would not accept any settlement of the Taiwan issue arranged by the international powers, nor would the PRC accept two China seats in the UN. Chen yi has clearly written conditions for a settlement of the Taiwan issue including;

1). Taiwan to be permanently recognised as an autonomous region, but within Chinese sovereignty.

2). The Nationalists to retain armed forces on Taiwan and Penghu. Jinmen and Mazu should be kept as non-military areas. Beijing send no armed forces to Taiwan and Penghu for a specified period, (ideally 10-20 years).

3). The Kuomintang leader to be appointed a Vice-Chairman of the PRC. Chiang Kaishek to be considered as a Co-chairman of the Chinese People's Political Consultative Conference.

4). The PRC to assume all diplomatic representation abroad. Taiwan could retain cultural, trading and non-official relations with other countries or international organisations under the Central Government's consent.

5). Following a third instance of co-operation between the CPC and the KMT, Taiwan would be requested to dissolve the US alliance, and the US forces to be withdrawn.(59)

Due to the "three bitter years", food shortages and unrest were acute in many parts of the mainland. In addition there were border tensions between the Soviet Union and China, and India and China. Chiang Kaishek then announced in his New year message that his army was ready to take the opportunity to launch an attack on the Communists to "recover" the mainland. Kennedy did not support this idea. Instead, he reaffirmed the defensive character of the American commitment to Taiwan and Penghu.(60) A potential Taiwan Strait crisis was once again defused.

Since 1963 the Taiwan Straits have been relatively quiet. The even-date ceasefire to the offshore islands initiated by the PRC in October 1958, had been tacitly regularised by both sides. Although Washington had, as mentioned, carefully shifted to a de facto "Two Chinas" policy, the Sino-US talks were maintained

uninterrupted in Warsaw. The failure of the PRC to take Taiwan by force compelled it to adopt a long-term political strategy on the Taiwan issue, to keep the PRC's claim to the sovereignty over Taiwan alive; otherwise, a de facto status quo could gradually have crystallised into a de jure situation which would eventually undermine the PRC's ultimate goal of "liberating" Taiwan. Apart from making overtures to the KMT, the PRC lost no opportunity to show its continuing concern over the Taiwan issue.(61)

In 1964, two events crucial for Beijing's Taiwan policy occurred. In January the PRC announced the establishment of diplomatic relations with France. At the suggestion of the US, Taipei did not follow its previous practice of breaking diplomatic ties with any state which had recognised the PRC; meanwhile, Paris also made no move to sever relations with Taipei. Zhou Enlai then issued a statement that the PRC would never tolerate an attempt by any country to create "two Chinas" and would never establish diplomatic relations with such countries. Two weeks later, the French President de Gaulle changed his attitude and stated that France would recognise only one China. The second important event in that year occurred on October 16, when Zhou announced that the PRC had successfully completed its first nuclear test. The repercussions of this were, perhaps, indicated by the 47 to 47 vote on the Chinese representation issue in the following year's UN General Assembly. In facing up to the new situation, the majority of US Senators favoured a shift in China policy from that of thorough antagonism to "containment without isolation". Scholars, too, advised that the U.S. would not be able to continue indefinitely sustaining the fiction that the Nationalist regime

is the government of all China.(62)

Soon the Cultural Revolution broke out and created enormous turmoil in China. The convulsions of the Cultural Revolution left the PRC leaders with little time to spare for foreign affairs. Chiang Kaishek, now in his eighties, had less ambition to fulfil his long-held dream of recovering the mainland. Despite a message declaring that counterattacks should be considered, no military action was undertaken by the KMT. Throughout the 1966-69 Cultural Revolution, the PRC maintained an uncompromising attitude on the issue of Taiwan. (See chapter 3.)

In 1969 the turmoil of the Cultural Revolution began to calm down, but the tension in Sino-Soviet relations deepened, culminating in armed conflict at Zhenbaodao (Damansky Island) in the Ussuri River. In order to escape from the mounting pressure applied by the US and the USSR at that time, with the further need of releasing itself from its isolated position created during the Cultural Revolution, the PRC then made a tactical change in its policy on the establishment of diplomatic relations with others countries. For example, in negotiations with Canada on the establishment of diplomatic relations, the PRC agreed to adopt a more flexible policy on the issue of Taiwan.(63)

Seizing the opportunity of the Sino-Soviet schisms to adjust his new China policy, President Nixon lost no time in hinting his willingness to improve relations with the PRC. Since Jan.1969, he had made a series of statements and good-will gestures concerning future relations with China. At first the PRC's response to the Nixon overtures was negative. But in April 1971, after attending the 31st World Table Tennis Championships held at Nagoya, Japan,

surprisingly, the US team was invited to visit China. The so-called "Ping Pong Diplomacy" had started. On July 15, 1971, more unexpected news was announced by the US. After a secret trip to Beijing by Kissinger, Security Adviser to the President, the US government announced that the President had reached an agreement with Premier Zhou Enlai to visit China in 1972 for the purpose of seeking "the normalisation of relations between the two countries and also to exchange views on questions of concern to the two sides" (64) This message signalled that the dead lock in Sino-US relations, which had lasted 21 years since the Korean War, would be gradually eased. The message to the KMT was more significant; that the phase of American protection might have eventually faded away.

FOOTNOTES AND REFERENCES

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2. Ibid., PP.7-11.
3. Shi Ming, The Four Hundred Years of Taiwanese History, San Jose, Ca., P.52.
4. Jiang Yuying, Taiwan Fuzhu, (History of the Taiwan District), Published originally in the Qianlong emperor, Qing Dynasty, Reprinted by Shangwu Printing House, Shanghai, 1939, PP 6-9.
5. Shi Ming Op.cit., P.116.
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8. Xu Zonggan, Zhitai Bigao Lu, (Handbook for Officials to rule

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9. Yu-ming Shaw, "Modern History of Taiwan", China and the Taiwan Issue, edited by Hungdah Chiu, 1979, P. 16.

10. Ibid.

11. Ong Ioktek, Taiwan: A History of Anguish and Struggle, Tokyo, 1979, 99-103.

12. Wang Sixiang, Taiwan Eryue Gemin Ji, (The February Revolution in Taiwan), Hong Kong, 1951, P. 28.

13. George H. Kerr, Formosa Betrayed, London, 1966, PP. 254-58.

14. 2, 28, in Chinese can be made-up of the word of "Communist".

15. The actual number of deaths has never been confirmed by the KMT. Since 1949 the Nationalists have treated the incident as unmentionable in Taiwan. G.Kerr assumed a minimum of 5000 Taiwanese and 100 mainlander deaths in March 1947, probably 10,000 more Taiwanese died in connection with the affair, and the number may reach 20,000, a figure often given by Formosan writers. See Formosa Betrayed, op.cit., P.310.

16. The letter written by Lieutenant General Albert Wedemeyer to the Secretary of State August 17, 1947, United States Relations with China, P. 309.

17. Tang Tsou, America's Failure in China 1941-50, PP.401-440.

18. Ong Ioktek, Op.cit., PP. 163-64.

19. Hsieh Chiao-Chiao, Strategy for Survival- The Foreign Policy and External Relations of the ROC on Taiwan, 1949-79, PP29-30.

20. Concerning recognition issue, see John Gittings, The World and China 1922-72, PP. 164-69. See also J.M. Grasso, Truman's Two-China Policy, esp. Chapters 2 & 5.

21. See "The Treaty of Friendship, Alliance and Mutual Assistance Between the PRC and the USSR" which was signed by Zhou Enlai and Vyshinsky with Mao Zedong and Stalin in attendance on February 14, 1950. Details refer to the PRC's Treaty Collections, Vol. 2, 1950.

22. Both Kim Il Song and Ho Chi Minh made their secret trips to Moscow in December and January 1950 to meet Mao and Stalin. See Liang Jindong, "The Korean War and Taiwan", Oversea Chinese Semi-monthly, Taipei, Vol.3. No.3, 1971, P.10; and Wu, Xiuquan, Eight Years in the Ministry of Foreign Affairs, Beijing, 1985, P.19.

23. Amerian Foreign Policy (AFP hereafter,) 1950-55, (Washington D. C.; Department of State, 1957.) II, PP. 2448-49.

24. President H. Truman's Statement on the mission of the Seventh Fleet in the Formosa Area, June 27, 1950, (AFP) 1950-55, II, P.

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25. Zhou Enlai's speech in response to Truman's Statement, See Renmin Ribao, (People's Daily), quoted New China News Agency, June 29, 1950.
26. Hungdah Chiu, "The Question of Taiwan in Sino-American Relations", Op.cit., edited, by Chiu, PP. 151-52.
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31. R. Clough, Island China, 1978, P.10.
32. R. Clough, Supra, note 12, P.10; see also Karl Rankin, China Assignment, 1964, PP 102-123 and 174.
33. Hungdah Chiu, op.cit., PP. 156.
34. June Grasso, Truman's Two-China Policy, PP. 167-70.
35. The United States Treaties and Other International Agreement 3169; United Nations Treaty Series 45. See also Jingshan Heyue yu Zhongri Heyue Wenjian Huibian (The San Francisco Peace Treaty and the Sino-Japanese Peace treaty.) edited and published by the Department of Foreign Affairs, Taipei, 1953.
36. George Yeh, "A Crisis Or an Opportunity ? On the Thirtieth Anniversary of the ROC-Japan Peace Treaty", Zhongguo Shibao, (China Times), Taipei, April 28, 1982.
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38. White Paper on South-North Dialogue in Korea, National Unification Board, Republic of Korea, Selected Documents, PP. 418-421.
39. See Zhou Enlai's Report on Government Work to the National People's Congress, September 23, 1954, Reprinted by the New China News Agency, Supplement No.218, October 14, 1954.
40. Michael Yahuda, China's Role in World Affairs, London, 1979, PP. 75-81
41. The impasse over the renunciation of force against Taiwan during the Ambassadorial Talks, see Kenneth Young, Negotiating with the Chinese Communists, 1968, PP.91-115.
42. Ibid. PP. 414-417.

43. See Chiang Kaishek's New Year Message to All Chinese and Peace Loving People in the World. Central News Agency, Taipei, January 1. 1956.
44. Mao Zedong, "Summary of Speeches on the Highest National Council Conference, September 5, 1958", Long Life of Mao Zedong Thought, Beijing, 1969, PP. 226-241.
45. John Foster Dulles' letter on Offshore Islands to the acting chairman of the House Committee on Foreign Affairs, August 23, 1958. See Dulles Statement on the Taiwan Straits situation, September 4, 1958, (AFP), 1958, PP.1144 and 1146-47.
46. The manuscripts of Chen Yi's unpublished memoirs are located in the PLA's Library in Nanjing.
47. On September 1, 1963, Renmin Ribao published the details of the Mao-Khrushchev secret talks of October 2, 1958, which revealed their different views on many world problems. Beijing tried to discredit the Russian leader.
48. Chen Yi's Memoir, Op.cit., P. 156.
49. K. Young, Op.cit., PP.230-32.
50. Renmin Ribao, October 30, 1958.
51. News Bulletin of New China News Agency, October 23, 1958.
52. Renmin Ribao, December 17, 1958.
53. M. Yahuda, Op.cit., PP.103-114.
54. R. Macfarquhar, Op.cit., PP.182-83.
55. Beijing Review, August 25, 1961.
56. "There is Only One China Not Two", Editorial of Renmin Ribao, July 14, 1961.
57. "A Brief Account of the U.S. 'Two Chinas' Plot", Beijing Review, August 25, 1961.
58. See Chen Yi's Memoir, Op.cit., PP. 145-46.
59. These conditions was almost completely identical with Edgar Snow's list in "The Other Side of the River". (P.766.) But, Snow may have been advised not to reveal prematurely the strategic policy that the PRC was considering for dealing with Chiang Kaishek on the final solution of the Taiwan issue. Instead, Snow followed a similar tactic as he had used in his 1935 interview with Mao concerning Mao's position on support for Taiwan's independence, where he added a note to disguise Mao's original idea.
60. The PRC leaders were alarmed by Chiang's intention. Kennedy, however, had the Chinese representative at the Warsaw Talks informed on June 26, 1962, that the US would not support any KMT military adventure against the PRC. But he did also issue a

public warning that U.S. policy on the offshore islands remained what it had been since 1955. The Seventh Fleet was reinforced to drive the message home. The potential 3rd Taiwan Straits crisis, see Hilsman, *To Move A Nation*, New York, 1968, PP.315-17.

61. Hungdah Chiu, *Op.cit.*, P.174.

62. A. Doak Barnett, "US Policy with Respect to Mainland China, Hearing before the Committee on Foreign Relations, US Senate, 89th Congress, 2nd Session", US Government Printing Office, 1969, PP. 650-59.

63. The details of Sino-Canadian diplomatic normalisation refer to Lyushun Shen, "The Taiwan Issue in Peiking's Foreign Relations in the 1970s", Chinese Yearbook of International Law and Affairs. Vol. 1. P. 76.

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CHAPTER 3: CHANGES FROM LIBERATION BY FORCE TO PEACEFUL REUNIFICATION BEFORE 1979.

" Dear Compatriots in Taiwan;

The bright future of our great motherland belongs to us and to you. The reunification of the motherland is the sacred mission that history has handed to our generation. Times are moving ahead and the situation is developing. The earlier we can fulfil this mission, the sooner we can jointly write an unprecedented, brilliant page in the history for our country. Let us join hand in hand and work together for this glorious goal!

..... *NPC Standing Committee's Message to Compatriots in Taiwan Jan. 1, 1979.*

A. THE CPC'S TAIWAN POLICY PHASE ONE, 1928-49

Since Jan. 1979, the CPC's policy towards Taiwan has veered between hostility and peaceful proposals for reunification. As discussed in chapter 2, the Chinese Communists' animosity towards Taiwan caused both by the Civil War, from which its archenemy, the KMT, had fled the mainland; and by the Korean War, in which the US had intervened and "neutralised the Taiwan Straits". But what was the CPC's Taiwan policy before 1949? The CPC's position towards the people of Taiwan during the period of its revolutionary struggle for power and its war with Japan was, indeed, one of support for a political settlement based on what might be called the simple principle of "One System (Communism), Two Countries (Taiwan & China)".⁽¹⁾ Throughout this period, the party documents of the CPC upheld the following positions: 1) the party

leaders consistently hinted that the Taiwanese are a distinct "nation" or "nationality"(Minzu), different from the Chinese(Han) nation; 2) they described the "national liberation movement" on Taiwan as the struggle of a "weak and small nationality" separate from the Chinese revolution, and potentially sovereign; 3) they supported the Taiwanese uprising of February 1947 and the Taiwan Independence League in Hongkong until March 1949; 4) At one point, the CPC anticipated that the Taiwanese Communist Party would take over power, so that Taiwan would become a friendly neighbouring nation similar to the Korean & Vietnamese Communist brothers.(2)

But, after the KMT retreated to Taiwan, the CPC reversed its position by disavowing Taiwanese ethnic separateness and rejecting the independence of the political movements on the island. In fact, the aforementioned positions were formalised in official statements by the CPC leaders. In the past forty years, both the CPC and the KMT tried deliberately to keep embarrassing documents secret, and revised the historical documentation to back up their claim to sovereign rights in Taiwan. Whatever may have been altered, the fact of the matter is that the two main parties had a long history of supporting "Taiwan independence".(3)

A specific policy towards Taiwan was first adopted in formal resolutions of the Sixth National Congress of the CPC held in Moscow in July 1928. It stated: "...The 6th CPC National Congress considers that the problems of minority nationalities within the Chinese territory (Mongols and Mohammedans in the North, Koreans in Manchuria, Taiwanese in Fujian, the aborigines of Miao and Li in the South and the nationalities in Sinjiang and in Tibet) have important significance....."(4) These specifically confirmed that

the Taiwanese who lived in Fujian were regarded as a minority nationality, similar to the Mongols living in the North, and Koreans in Manchuria. Moreover, it implied that the Taiwanese were ethnically separate from the Chinese. In November 1931, the CPC adopted the "Draft Constitution of the China Soviet Republic" which extended constitutional rights to minority nationalities. According to that document, it read "Taiwanese, Koreans and Annamese residing in China are to be equal under the law of Soviet China." (5) The Taiwanese were again regarded, not as Han, but as a different nationality and race and were to be treated as equals like the Koreans and Annamese. This was deliberate, as can be seen from the fact that the CPC never referred to the Taiwanese as brethren or as the offspring of the Yellow Emperor or even as compatriots who would, de facto, belong to the Han race after they returned to China. (6)

Mao Zedong's own earliest comments on the Taiwanese came in his "Report of the Chinese Soviet Republic Central Executive Committee and the People's Committee to the Second All-China Soviet Congress." in January 1934. In this report, Mao reaffirmed the CPC's position that the Taiwanese residing outside Taiwan and in China were a minority nationality. He also implied that his party supported the independent Taiwan national liberation movement. Concerning Item 15 of the Draft Constitution of Soviet China, Mao put forward this comment:

" To every nationality in China, persecuted because of revolutionary acts, the Chinese Soviet Government grants the right of protection in Soviet areas, and will assist them in renewing their struggle until a total victory of the revolutionary movement for their nationality and nation has been achieved. Many revolutionary comrades from Korea, Taiwan, and Annam are residing in the Soviet areas.

In the First All-China Soviet Congress, there are representatives from Korea, Taiwan, and Annam. This proves that this Declaration of the Soviet is a correct one." (7)

A year later, Mao dissociated Taiwan's political movement from that of China by incorporating it within the anti-imperialist revolution led by the Japanese Communist Party. The independent character afforded to the Taiwanese national liberation struggle by the CPC is clearly stated in material available from 1937 to 41. More than ten Party documents of this period endorsed the political right of the Taiwanese to gain independence. (8)

As to explicit CPC support for an independent state on Taiwan, the most notable documentary evidence is Mao's personal interview with Edgar Snow, on July 16 1936. In the interview, Mao staunchly supported the right of Taiwan and Korea to gain independence. In response to Snow's question, "Is it the immediate task of the Chinese people to regain all the territories lost to Japanese imperialism, or only to drive Japan from North China and all Chinese territory above the Great Wall ?" Mao answered:

"It is the immediate task of China to regain all our lost territories, not merely to defend our sovereignty below the Great Wall. This means that Manchuria must be regained. We do not, however, include Korea, formerly a Chinese colony, but when we have re-established the independence of the lost territories of China, and if the Koreans wish to break away from the chains of Japanese imperialism, we will extend them our enthusiastic help in their struggle for independence. And the same thing applies for Formosa. [Emphasis added.] (9)

Zhou Enlai repeated Mao's position towards Taiwan, in June 1941. In his paper on "National Supremacy and State Supremacy," Zhou used the term "independence-liberation" to describe the Taiwanese anti-Japanese movement. (10)

The CPC's attitude towards Taiwan independence may also be traced back to its relations with the Taiwan Communist Party(TCP). The TCP was established in April 1928, in Shanghai, by order of the Comintern, not as a subordinate to the CPC, but as a Nationality Branch of the Japanese Communist Party. Among 23 Taiwanese who attended the convention, 5 were members of the CPC; their unanimous support for independence was evident in such slogans as "Overthrow Japanese Imperialism," "Establish Taiwan Republic" and "Long Live the Independence of the Taiwan Nationality."(11) In the "Resolution on an Outline of Organisation," the TCP cited the founding of the Republic of Taiwan in June 1895 as the historical justification for independence, while it also defined its role in the island's current independence movement.(12)

A close reading of these documents suggests that the claims for Taiwan independence were limited in the context of an anti-colonial movement to a strategic ploy against Japan. They did not call for separation from China once the Japanese had been expelled. However this was not the case for the CPC. In "A letter to the Taiwan Communist Members" the TCP was told "since your country is also a colonial country, you should not place yourself outside the high tide of the general revolutionary struggle..... Only through this revolution can Taiwan gain complete independence politically and economically."(13) From the CPC's point of view, the Taiwan anti-imperialist movement was not only to be a truly internationalist movement, but should also pursue ultimate national independence. The Chinese Communist leaders acknowledged the independent political identity of the Taiwanese by consistently grouping the Taiwanese and their "national liberation movement" with the Koreans and Annamese, whom the CPC clearly

recognised as politically separate peoples. For this reason Mao and his colleagues never referred to pro-Japan Taiwanese as "traitors" nor to pro-China Taiwanese as "compatriots". The CPC's policy was actually a response both to the circumstances of its struggle to survive in China and its position at the apex of international nationalist movements.

In the Cairo Declaration of 1st December 1943, the Allied leaders envisaged that a future liberated Taiwan would be a part of China. Up to that point, it had been generally overlooked that the CPC and the KMT had long supported Taiwan independence. It is true that the KMT changed its stated policy of supporting self-rule in Taiwan after the Cairo summit. Many commentators have assumed that the CPC also changed its policy and opposed the Taiwanese separatist movement from 1943.(14) However, the documents of the CPC's 7th National Party Congress, in April 1945, state that "the principle of self-determination for all peoples is the most reasonable and advantageous method of dealing with the relatively small and powerless nations of the East", Taiwan was still regarded as an East-Asian nation.(15) An article published on May 1st, 1945, in the central Party organ, Jiefang Ribao, clearly indicated that Taiwan was named as a country -"Guo".(16) Eighteen months after the Cairo Declaration was announced, the CPC still took the line that "for the past 24 years, the CPC has been struggling unceasingly to achieve the liberation of the Chinese people. Meanwhile, it has assisted and stimulated the peoples of the East, the Taiwanese, Koreans, Annamese, Malays and Filipinos, in their liberation movements, fighting for national independence, democracy and freedom."(17) At this stage, the CPC

still adhered to its policy of self-determination for Taiwan.

The incident of February 1947 in Taiwan, inspired in the CPC a positive affirmation of Taiwanese aspirations to their own "liberation". The party leaders not only accepted the 32 conditions put forward by "the Ad hoc Settlement Committee" during the uprising, (the conditions clearly indicated that the Taiwanese preferred to opt out of the KMT's political aegis), but also proposed a "six point struggle programme" for the "rebels" to secure the successful outcome of their armed struggle.(18) The KMT, on the contrary, regarded the secessionist 32 conditions as a treacherous plot and executed most of "the Ad hoc Settlement Committee" members. Since 1948, the CPC has annually celebrated the February Incident, but it has changed the emphasis several times so as to meet the needs of its changing party line.(19)

The CPC did not suggest that sovereignty over Taiwan belonged to China, or that it should revert to China, until the late date of March 16, 1949, when a new China News Agency report said; "The Chinese People Are Determined To Liberate Taiwan".(20) Obviously this change was in response to the KMT's retreat to Taiwan and the extension of the Civil War across the Straits of Taiwan. The CPC policy on Taiwan, set since 1928, henceforward, changed to advocacy of a military solution to the Taiwan issue in the framework of China's unification under the name of PRC or "One Country (the Communist China) and One System (Socialism)".

Of course, the above analysis does not imply that the CPC is legally bound by the pronouncements made when out of power over forty years ago. Nor does it discredit the PRC's claim to Taiwan. But, if it was ideologically possible for the CPC's top leaders

to accept the distinctiveness of a Taiwanese nationality for over twenty years, then the issue of the island's political status is not the open-and-shut case described in the PRC's policy line after 1949. That also weakens the argument that the movement for an independent Taiwan is solely a creation of American and Japanese imperialism directed against China. Rather, the policy statements of the CPC before 1949 afford substantial legitimacy to the idea of a Taiwan national liberation movement within the scope of the CPC's own ideological traditions.

From 1979 onwards, the PRC proposed granting the people of Taiwan considerable autonomy in maintaining the political and economic organisation of the island. This shift demonstrated that the Chinese Communists have not taken a consistently irredentist position on the island's status. The history of the CPC's policy towards Taiwan is one of ambivalence in which the Party has changed its position according to changing internal and external circumstances. Certainly, the CPC will not, of its own accord, renew its support for the full independence of Taiwan. If the people of Taiwan can demonstrate, however, that there is indigenous support for the attainment to their political rights, then perhaps the legacy of the 1928 - 49 period may have more influence in shaping the political framework of "One Country Two Systems". It remains to be seen, nonetheless, the new generations of the PRC leaders will continue to regard the unification of Taiwan as "the sacred mission" which the founders of the PRC had failed to fulfil.

B. THE CPC'S TAIWAN POLICY PHASE TWO, 1949 - 78.

As discussed in chapter two, the international involvement has had a greater impact on the development of the Taiwan issue than Chinese factors. Since 1949, Taiwan has been regarded in Beijing as a barometer reflecting U.S. policy towards China, and indeed of U.S. foreign policy in general. The PRC disenchantment with US proposals for a Taiwan solution was an understandable reaction in power politics. But the long-standing Two-Way Struggle within the Party did shed light on the CPC leaders differing approaches to the question of how to respond to the US initiatives on the future settlement of the Taiwan issue: The Taiwan policy of seeking what might be called a "One Country (the PRC), and One System (Socialism)" which the CPC followed from 1949 to 1978, underwent many changes and variations during that period.

Statistical surveys show that, throughout the period during which the CPC pursued the goals of "One Country, One System", the slogans used in the PRC's mass media were extremely consistent, as well as rigid.(21) Editorials in Renmin Ribao, for example, clearly indicate that shifts in internal policy provoked changes in the CPC's stance towards Taiwan.(22) The following 2 Tables reveal many crucial points in the pattern of the repercussion of external pressures on the CPC's internal differences. These differences, on the one hand, reflected sharp turns in the party line, on the other hand, implied that main-taining a consensus on the concept of "One Country One System" very much relied upon the stability of the PRC's power structure.

* TABLE 1: CONTENT OF RENMIN RIBAO EDITORIALS
ON THE TAIWAN ISSUE

ITEMS	CONTENTS
A	We must liberate Taiwan. (liberation by force).
B	On the counter-attack of the KMT.
C	The US imperialists colluded with the KMT.
D	The American imperialists occupied our motherland, and turned Taiwan into US military base
E	The liberation of Taiwan is our internal affair.
F	Against the "Two Chinas" policy.
G	Against Taiwan independence.
H	The Taiwan issue and the US military threat.
I	Taiwan is an inalienable part of China.
J	The reunification with Taiwan is a sacred mission for all Chinese.
K	The people of Taiwan are our own flesh and blood.
L	US withdraws from Taiwan and security of East Asia.

* The contents from A to L are the slogans used in the Renmin Ribao editorials. The first group of A, B, C, and D denotes the CPC's combatant slogans used often by hard liners. In the second set - E, F, G, and H, represent, by and large, the PRC's stance of anti-separatism and anti-external intervention. The last group of four slogans which are more benign, appeared only after the inception of Beijing-Washington reconciliation in the early 1970s. In these stereotyped articles no mention was made of the CPC's pre-1949 Taiwan policy. At the same time, no peaceful solution slogan was ever included. The term of "Taiwanese" was redefined to refer only to the aborigines, and not, as is commonly understood, to the inhabitants of the island who are ethnically linked to Fujian and Guangdong.

TABLE 2: RENMIN RIBAO EDITORIALS ON THE TAIWAN ISSUE

Items	A	B	C	D	E	F	G	H	I	J	K	L	Total
1949													
50	3	1	4	2	2			2					14
51	4	2	3	4	3			1					17
52	4	2	2	3	1			1					13
53	3	2	3	1	2			1					12
54	4	2	3	2				2					13
55	3	1	2	2				2					10
56	2	1	1	1	1				1				7
57	2							1	2				5
58	1			1		1		2		1			6

59	1		3	3	1	1		1	1	2			13
60	1		2	2	1	2		2	3	1			12
61				1		4	2	2	3				12
62	1	2				2	1		2				9
63	1	3			1	1			1				7
64								1		2			3
65									1				1
66	1			1									2
67	4		1	1									6
68	3	1		1									5
69	3	1	1			1			1				7
70	3					3	2	2	3	2		1	16
71	3					2	2	1	3	2		2	15
72	2				2	2	1		1	1	2	1	12
73	1				1	2	2	2	2	2	3		15
74	2				2	1	2	1	3	2		1	14
75	2				2	3		1	2	1	2	2	15
76	1				1	1	2	1	2	3	3	1	15
77	2				2	1	3	1	1		2	2	14
78	1				2	1	3	2	2	3	1	1	16

* Sources: Renmin Ribao, Editorials January 1st, February 28th, June 25th, August 1st, October 1st, (N.B. May 1st and July 1st normally the editorials did not mentioned about the Taiwan issue.)

The two tables show that at different times there have been drastic changes of emphasis, and of terminology in the CPC's policy on Taiwan.(23) The tables also reveal the different party lines, moderate and extreme, among the leaders of the CPC, which reflect the power struggle in the four arenas of the Taiwan dispute. At the same time, an analysis of the two tables makes it possible to divide the PRC's Taiwan policy into six sections: (1) 1950-55, (2) 1955-58, (3) 1958-61, (4) 1961-65, (5) 1966-69, (6) 1970-78. The frequency with which the Taiwan question is mentioned in the editorials also reflects the see-sawing confrontations between 1).the mainland and Taiwan; 2). the radicals and the moderates in the PRC; and 3). the US and the PRC. A profile of the tables also indicates the many adjustments that the CPC has made in order to comply with its policy of

national reunification. One could, accordingly, illuminate the interactions of the Taiwan issue and the CPC's internal-external problems in the following points.

In March 1950, after the CPC captured Hainan island, only a few offshore islands and Taiwan were left as targets yet to be conquered. Due to the outbreak of the Korean War, the liberation of Taiwan had to be given a lower priority. The number of mentions of the Taiwan issue in Renmin Ribao editorials, however, reached its peak in the period of 1950 - 54 with denunciations of "the American occupation of Taiwan". The condemnation of American aid to the KMT forces and the possibility of an invasion of China from Taiwan were also repeatedly mentioned. Calls for the liberation of Taiwan, however, were regarded as reactions for self-defence against the imperialists who had interfered in the Chinese Civil War and national liberation.

In 1954-55 the Taiwan issue continued to be frequently cited, but, by 1956 with decreasing frequency. The content of editorials centred mainly on "liberation", slogans such as "the liberation of Taiwan is an historical mission" were coined.(24) Apparently, the CPC was seeking favourable arguments to back up its policy for solving the Taiwan issue and to find a modus vivendi with the US. After the Bandung Conference of 1955, Zhou Enlai expressed the CPC'S desire for direct negotiations with the Nationalists, on condition that the US should reduce its interference in Chinese internal affairs. When the Soviet representative Kliment Voroshilov visited China, he was told, by the leaders of the PRC, that "we are now planning a third United Front with the Nationalists".(25) But after the KMT announced that US ground-to-

ground missiles with a capacity for carrying nuclear war-heads were to be sited on the island in 1957, China took a tougher stance in its policy on Taiwan.

In 1959 and 60, the editorials raised the subject of Taiwan almost incessantly. In the main these articles denounced American military aid to Taiwan, speaking of "US-KMT military collusion" and of the "US making Taiwan into its own military base". The opposition to the "Two Chinas" theory, which appeared in 1961, and is characteristic of this period, can be seen as a response to Kennedy's "One China One Taiwan" thesis, and also to the fear of collusion between the Soviet Union and the United States against China. In 1962 - 63 the idea of "Taiwan counter-attacking the mainland" reappeared several times in Renmin Ribao.

In the period of 1962-65, the CPC was, on the one hand, busy rebuilding its economy after the damage caused by the Great Leap Forward and a succession of natural disasters: the policy of "three freedoms and one contract" (Sanzi Yibao), proposed by the new Chairman, Liu Shaoqi, was adopted, and the Commune system was substantially modified: the general trend was towards a less collectivist economic policy. On the other hand, the Sino-Soviet split intensified, and, with the US pressing the reviled policy - "One China One Taiwan", the PRC moderate leaders were pushed to opt for a "revisionist" approach internationally. Apart from being manoeuvred into an unwelcome skirmish with India in Nov. 1962, the mainstream policy of the CPC was, by and large, to seek for friendly relations with other neighbouring nations. China glossed over the Sino-Indian border conflict in order to stay on good terms and a cease-fire agreement with India was concluded a few

weeks after the clash occurred.(26) In 1963 border treaties were signed with Pakistan in March and with Afghanistan in November. In addition, 17 non-communist countries established diplomatic relations with the PRC, 150% more than the period of 1949-60.

The moderation of the policies of that period was highlighted when, in Oct. 1965, the former KMT President, Li Zongren, returned to the mainland from his self-imposed exile. Zhou Enlai resurrected the 1955-57 suggestion of talks with the Nationalists to accelerate the peaceful unification of Taiwan with China.(27) Foreign Minister Chen Yi said at a press conference, "we would willingly co-operate with Chiang Kaishek and Chiang Chingkuo in the same way as we have with Mr Li. The possibility of our working together has increased".(28) During this period the Renmin Ribao substantially decreased the number of references to the liberation of Taiwan, and in 1964-65 Taiwan was hardly mentioned at all.

The content of editorials on the Taiwan issue in the 1970s changed drastically in comparison with those of the 1960s. There is a clear division between the subjects covered in 1965-69, and those dealt with since 1970. At first Renmin Ribao mechanically repeated the old phrases calling for "liberation of Taiwan", but there was no attempt to propose concrete measures for its achievement. With the Sino-US rapprochement, beginning in the early 1970s, comments on the Taiwan issue became more frequent, and it was made a focal point in the dialogue between the two sides. The content of the editorials addressed some of the wider aspects of the Taiwan question, rather than just mechanically repeating old slogans. From 1970 onwards, the most common formulations such as "US-KMT military collusion", "Taiwan's insistence on counter-

attacking the mainland" disappeared entirely. These phrases consistently repeated, since the Korean War, are now never mentioned. Slogans such as "compatriots from Taiwan are our flesh and blood", and relatively moderate comments on the withdrawal of the US force from Taiwan and the security of East Asia, which had never appeared in Renmin Ribao before, gradually became familiar in the PRC's propaganda.(29)

In the period of 1972-78, the internal-external politics of the PRC went through a volcanic change. The demise of the first generation leaders, the dramatic shifts in Sino-US relations, the rise and fall of the so-called "Gang of Four", and a time of intense internal struggle for Party survival, all indicated that the CPC experienced an extraordinary decade. In foreign policy the CPC repeated its opposition to both American and Soviet hegemony. Instead of basing strategy on the commonly accepted framework of the East-West bipolar system, the theory of an "Intermediate Zone" which formalised the antagonism of China to both the super-powers, was put forward.(30) After being seated in the UN, the CPC also portrayed itself as a representative of the Third World, defending it from political dominance and economic exploitation. The Taiwan question, in that period, was somewhat alienated from the PRC's global strategy.

With two notable exceptions, namely during the first Taiwan Straits crisis in 1954 and when the KMT declared its intention of attacking the mainland in 1962, "the February 28th Commemoration Day" editorials on the Taiwan question in Renmin Ribao over these 30 years present a clear indication of the power politics inside the CPC. A thorough analysis of the Renmin Ribao editorials

concerning Taiwan reveals clear differences between the years when moderate internal policy dominated in the PRC and periods of radicalism. An investigation of the various periods delimited above shows that in times when an offensive stance was adopted towards Taiwan, editorials had a marked similarity both in the frequency of the mention of Taiwan and in their content. Because of political upheaval and the severity of the internal power struggle during the Cultural Revolution, the Taiwan issue was scarcely mentioned. This omission was exceptional during a radical period.

As regards the above two tables, the last, and perhaps the most significant point was the consistency of the CPC's policy of committing itself to liberating Taiwan by military means. No other slogan was ever mentioned so often, nor so clearly implied the CPC's determination to fulfil the dream of taking over the island. Judging the dispute over the Taiwan issue from the essential four arenas, the CPC leaders obviously believed that as long as international intervention still exist, the military option would be indispensable. After 1978, although the slogan of "liberation" has been replaced by other terms, the CPC still declined to renounce its right to use force to settle the Taiwan problem.

C. SINO-US RECONCILIATION 1972 - 78

One of the most crucial factors in making China's policy toward Taiwan become more flexible was the Sino-US reconciliation which began in the late 1960s. By that time Sino-Soviet relations

had reached their nadir, and the US was considering moves towards an eventual military disengagement in Vietnam.(31) Beijing first perceived and then concluded that throughout the 1960s the Soviet Union had gradually replaced the United States as the prime military threat to China and had become its principal enemy. Therefore, despite the fact that their dispute over Taiwan was still unresolved, for the first time since 1949, both the PRC and the US saw compelling reasons to try to establish a new Sino-US relationship.(32) In other words, their global strategic interests reached the point when they outweighed their regional differences over Taiwan. Kissinger's secret trip to China, and the drama of Mao Zedong's handshake with Nixon in Zhongnanhai had maximised the impact of the Beijing-Washington reconciliation.

The realisation by the leaders of the PRC that China stood to gain substantial strategic interests from Sino-US detente, made it possible to soften its policy on the Taiwan issue. However, as Doak Barnett put it:

" A number of conflicts of interest will continue to make U.S.-China relations extremely complex. The two countries' interests in Taiwan will continue to diverge, and no final resolution of the Taiwan problem is likely for many years. More broadly, even though the two countries now share certain important common security interests which are the fundamental basis for their present relationship, American and Chinese outlooks continue to differ in basic respects even in security terms."(33)

Despite the limited scope of Sino-US detente, it became clear, when the two powers were seeking common ground, that the Taiwan issue had to be put aside. China's foreign policy could then be based on a careful assessment of where Chinese and U.S. interests

converged and where they conflicted. Similarly, the US policy of China seemed to show, in good faith, that further progress in Sino-American detente was possible, but was to be approached in a rather cautious and gradual manner, since their misunderstanding and distrust were deeply rooted for over 20 years. That was the main reason why the normalisation took almost seven years to complete.

SHANGHAI COMMUNIQUE

The Shanghai Communique, one of the most significant results of Nixon's visit to China in 1972, produced a new framework for the relationship between the two powers. It demonstrated that they wished to end the old pattern of Sino-US confrontation. Due to the unresolved Taiwan issue, they could not immediately create a common basis for establishing full diplomatic relations. But a process of strategic adjustment was already under way. (34)

With respect to the Taiwan issue, the Communique concluded in different versions. The PRC stated its unwavering claim to be the sole legal government of China and its conviction that Taiwan is a province of China. It asserted that the liberation of Taiwan was Chinese internal affair, in which no one has a right to interfere and all US forces and military installations should be withdrawn from the island. It also reiterated its objection to any ploy of creating "One China One Taiwan", "One China Two Governments", "Two Chinas", or an "Independent Taiwan", or claim that "the status of Taiwan remains to be determined". (35) The PRC strategy was clear: not only would it like to demonstrate its determination to gain control over Taiwan, but also intended to paint a higher profile role of Taiwan in the Sino-US relations.

The U.S., on the other hand, suggested that no country could claim infallibility, and each should review its own attitudes for the common good.(36) Nixon and his associates tried to avoid a direct clash with their counterparts on the Taiwan problem. They stated that "the US acknowledges that all Chinese, on either side of the Taiwan Straits, maintain there is but one China and that Taiwan is a part of China. The US government does not challenge that position"(37) But Nixon tactfully reaffirmed that the U.S. still had great concern for the security of the people of Taiwan and an interest in a peaceful settlement of the Taiwan question. To demonstrate a new U.S. stance on East Asia, and a new policy towards China, Nixon clarified that the U.S. would look into "the ultimate objective of withdrawing American troops from Taiwan.... as the tension in the area gradually diminished".(38)

Obviously, the Communique brought the PRC-US relationship to a new stage. Both sides tacitly agreed that the disagreement on the Taiwan problem could not be solved easily, but that, for the time being, it would be best left aside, so long as the PRC did not attempt to take Taiwan by force, and the U.S. did not overtly pursue its Two Chinas policy. Having pledged to work toward a normalisation of relations with the US, the PRC proceeded to expand its relations by an agreement to set up liaison offices, which doubled as temporary diplomatic missions. Although fully-fledged diplomatic relations were not achieved until January 1979 Sino-US trade and cultural exchanges grew rapidly. In 1974 trade reached a peak of \$ 1 billion. Delegations from both sides were exchanged under quasi-official arrangements.(39) Kissinger, then, made nine visits to China, in his capacity as a National Security

Advisor and later as Secretary of State.

Gerald Ford, who succeeded Nixon after the Watergate scandal, paid a second presidential visit to Beijing in December 1975. In spite of no concrete measures were taken regarding the Sino-US normalisation of relations, President Ford reassured his hosts that the US government would uphold the principles of the Shanghai Communique. Soon after Jimmy Carter took office, he signalled that he favoured the normalisation of relations with Beijing, if the security of the people of Taiwan could be assured. In fact, the Carter Administration's China policy was clearly stipulated by his Secretary of State Cyrus Vance in July 1977, as follows:

"Our policy toward China will continue to be guided by the spirit of the Shanghai Communique, and on that basis we shall seek to move toward full normalisation of relations. We acknowledge the view expressed in the Shanghai Communique that there is but one China. We also place importance on the peaceful settlement of the Taiwan question by the Chinese themselves....."(40)

President Carter further expressed his expectation that the US government would work out a Sino-US agreement, not only to achieve full diplomatic relations with China, but also to ensure that the peaceful life of the Taiwanese would be maintained.(41) With this formula in mind, Vance visited Beijing in Aug. 1977. In the meeting with Deng Xiaoping, Vance suggested a formula to swap between US missions in Peking and Taipei i.e. setting up a liaison office in Taipei and an embassy in Peking. But the PRC promptly rejected the idea and condemned Vance "for retreating from the position put forward in the proposals of Ford and Kissinger."(42)

Although the Shanghai Communique had not solved the dispute on the Taiwan issue, it had indicated the desire of the two big

powers to make progress of bilateral relations. In the communique both sides specified, rather differently, what the prerequisites for full normalisation should be and what kind of future compromise on the Taiwan issue would make it possible. But the speedy establishment of full diplomatic relations between Beijing and Tokyo had clarified the approach of the PRC, and showed how far it was willing to go. Notwithstanding differences entailed in the normalisation with Japan and with the U.S., the frequently-mentioned Japanese model for dealing with the issue was obviously relevant to American relations with Taiwan. This model, in fact, provided the decision makers in Beijing and Washington with additional latitude in their consideration of a peaceful solution of the Taiwan issue.

THE US-TAIWAN READJUSTMENT

While the two big powers (the PRC and the U.S.) were paving the way for the final deal on "Normalisation", the little one (the ROC on Taiwan) sulked over being treated unfairly. Although both Republican and Democratic politicians in the US, as well, indeed, as public opinion supported the idea of the normalisation of relations with the PRC, none of them believed that the US should sell out Taiwan as a precondition for reaching normalisation.(43) But there were signs that without cutting the "Gordian Knot" i.e. overcoming the obstacles to normalisation, China would be unlikely to accept any proposal for ultimate agreement over the issue of Taiwan. Hence, it became very important to urge Taiwan to play a positive role in seeking a solution.

In the confident belief that the PRC would not take military

action against Taiwan, the US was prepared to honour its words in the Shanghai Communique and withdraw its military forces from the island. US military personnel in Taiwan were reduced from 8,500 in 1972 to 1,100 by the Summer of 1977.(44) On the other hand, the US continued to assist the Nationalists in strengthening Taiwan's defences. The contract with the Northrop Corporation for the co-production of F-5E fighters indicated US readiness to help the KMT protect the island with advanced defence technology.(45)

Washington believed the weapons supplied to Taiwan were still indispensable for the island's security, and that her continuing economic growth would sustain the stability of the KMT regime. In the period of 1972-78, the US Export-Import Bank had given Taiwan \$1.2 Billion in loans and guarantees, the Bank's largest venture in any country except Brazil. American companies flocked into the island, since they were under the protection of "the US Overseas Private Investment Corporation". In 1978, eight American banks were operating in Taiwan, and seven others applied for permission to open branches. More than 9,000 American civilians resided on Taiwan. A huge US trade centre was established in Taipei in 1973, and two-way trade figures increased from \$1.8 billion in 1972 to \$6.67 billion in 1978. At the same time the PRC's trade with the US remained at around \$400-\$500 million per year.(46)

As substantial relations between the US and Taiwan increased significantly, the tensions in Sino-US relations continued to relax. However, in many respects, Taiwan was still a dilemma in US foreign policy. But the disappearance of the old autocrats in China and Taiwan in the 1970s provided another turning point for the dead-locked dispute over Taiwan.

D. DEATH OF THE OLD GUARD AND THE POLITICAL CHANGES IN CHINA AND TAIWAN.

ZHOU AND MAO'S DEMISE AND POWER TRANSFORMATION

In the mid 1970s, the long-standing PRC leaders, Mao and Zhou, eventually passed away. They were replaced by Hua Guofeng, who could not, however, match their power and authority. A period of political uncertainty seemed inevitable, for the old leaders had dominated Chinese politics for nearly half a century. The popular revolutionary posters which had for a long time been a means of educating the Chinese, proclaimed "a turbulent time produced national heroes, and the heroes created a glorious time." Mao especially was regarded as the emancipator of the nation, and the great helmsman of the party. For decades, the people of China had revered their party leader, Chairman Mao, as a living god.

When Zhou and Mao died in Jan. and Sept. 1976 respectively, the People's Republic, in many ways, was like an ancient China, on the eve of a change of dynasty (Gaichao Huandai). Zhou's death immediately triggered a power struggle between the so-called pragmatists or moderates and radicals or ideologues. After the bloody Tiananmen incident of April 5, 1976, Deng Xiaoping, the leading pragmatist, was once again denigrated and removed from all his positions in the party and government.(47) At the time of Mao's death, the party was seriously weakened by a series of confrontations that involved factions of the top party leaders. China's economy showed increasing signs of strain and breakdown,

and the industrial sector was inefficient and wasteful. All these adverse factors plagued the adjustment of China's domestic policy as well as its foreign relations.

In October 1976, one month after Mao's death, Hua Guofeng, the new leader, handpicked by the late Chairman Mao, arrested the "Gang of Four", which included Mao's wife Jiang Qing. To relieve the social tension and in order to affect a political compromise, Hua was forced to rehabilitate Deng Xiaoping, so as to pave the way for reform and reorganise the paralysed party. A new policy to achieve the Four Modernisations was put forward.(48) However, at that time, a new political schism appeared. Hua, as Mao's chosen heir advocated following whatever Mao said or did, he and his group became known as the "Whatever" faction. On the other hand, soon after rehabilitation, Deng and his supporters were actively planning their take-over of Hua's leadership. The trump card that Deng held was his "squad" (Bang Zi) which was much stronger than Hua's.(49) As Secretary General of the CPC before the Cultural Revolution, like Stalin under Lenin, Deng had been able to "cultivate" his own power base. Deng carefully avoided acting prematurely in challenging Hua. His tactics were: first, to be reinstated in his personal position in the party and government, then to reinforce legitimacy by satisfying the public mood for normalcy. Deng gratified the public by restoring the national college entrance examination that had been suspended for over ten years under Mao's leftist line policy; this was soon followed by the reactivation of the united front organisation of the Chinese National People's Consultative Council and the convening of the 5th NPC in February 1978. The constitution was

also revised, and the "Four Modernisations" were written into it as the new agenda for national reconstruction.

In November 1978, Deng appealed to the public, as the party prepared for the 3rd Plenum of the 11th Central Committee, one of most crucial meetings in modern Chinese politics. The media had also initiated a movement based on Deng's political thinking; the so-called theories of "Black and White Cats", "Seeking Truth from the Facts" and "Practice as the sole criterion of truth". All these measures were designed to diminish the sacred status of Mao Zedong Thought and to downgrade the political influence of the party Chairman, Hua Guofeng. (50)

Since the internal changes, underpinned by the consolidation of power in the hands of the pragmatists headed by Deng, have been put into practice, the PRC's Taiwan policy has entered another new phase. In the years 1976-78, the focus of the power struggle was mainly on domestic affairs; the confrontations between Maoists and pragmatists on external affairs were kept in low profile, but they were by no means negligible. For instance, although Hua Guofeng made a few friendship trips abroad, nothing of importance was achieved in external relations in the post-Mao period. In other words, Hua made no significant break-through to upgrade the relations of China with other parts of world during his trips. Deng, on the contrary, was actively involved in the PRC's external affairs. By Autumn 1978, more divisive differences between Hua and Deng appeared on foreign affairs.

In September 1978, Deng made a trip to North Korea. During his talks with Kim Il-Song, he deliberately neglected to use the phrase "liberation of Taiwan". Interesting enough, the phrase was

employed by his Korean hosts. When he returned to Beijing, Wang Dongxing, one of Hua's staunch supporters, accused Deng of "leading China down the road to capitalism and disgracing a loyal friend on the crucial issue".(51) Deng was not deterred by this radical viewpoint. Instead, he took a further step in proposing a conciliatory line on the Taiwan issue. One month later, in October, Deng, while in Japan, stated that the question of Taiwan and other similar problems could be solved in more flexible ways:

" Apart from two Koreas, there are two Germanies, two Chinas, and also the question of a country having one hundredth of Japan i.e., the Diaoyu Tai, or Senkaku islands . All these questions must be settled eventually. If they cannot be settled in ten years, or in a century, they will certainly be settled in a thousand years. Our national aspirations and currents are irresistible"(52)

This was, in fact, the first time that a Chinese leader had openly recognised that there were two Chinas. It was, by far, the most courageous speech that a Chinese leader has made on the issue of Taiwan, since the PRC reversed its policy on the independence of Taiwan after 1949. This gesture of compromise offered an opportunity for the US negotiators, on the one hand, to re-start their talks on diplomatic normalisation with China, and for the Chinese, on the other, to shake off the straight jacket of leftist ideas of anti-revisionism.(53)

When, in December 1978, the Sino-US talks reached agreement, Chairman Hua, unable to influence the results of the negotiations conducted by Deng, could only indicate his approval of China-US normalisation. At a news conference, Hua announced:

" We hope that our Taiwan compatriots will join all other Chinese people, including our compatriots in Hongkong and Macao and Overseas Chinese in making further contributions to the reunification of the

country....Taiwan's residents no longer have reason to fear an armed invasion from China.(54)

This declaration revealed that Hua and his "Whatever" group of supporters (even including Marshal Ye Jianying) seemed to have no chance to manifest their tough line on the Taiwan issue but had to agree with Deng's new strategic policy.(55) On the issue of Taiwan, the people were assured that their political status would, at least, not differ from that of ethnic Chinese living outside the PRC. Moreover, the wording is also variance with the Maoist attitude that the Taiwanese and outside world, in particular the US, should never be deluded into thinking that the PRC might forgo taking military means to solve the Taiwan problem.

It is crystal clear that, after Mao's death, the impact of the power struggle between the Maoists and the reformists in the PRC had not only redirected its internal political line, but also, tacitly, readjusted its strategic foreign policy, especially in relations with the US. Once the Sino-American negotiations on diplomatic normalisation reached an agreement, the question of how to deal with the Taiwan issue would certainly re-emerge to a new point in the East Asian politics. Nevertheless, the Sino-US detente was an indispensable precondition for the reformists to concede that the shift of the PRC's theoretical Taiwan policy of "One Country, One System" to a flexible policy of "One Country, Two Systems" became more attainable.

CHIANG KAI-SHEK'S DEATH AND TAIWANIZATION

Since Chiang Kaishek arrived in Taiwan in 1949 as head of the party and army, no one had had any chance to challenge his authority, despite the damage to his prestige resulting from the

loss of the mainland to the Communists, and Taiwanese dissatisfaction under Nationalist rule. Having resumed himself as President of the ROC in March 1950, until his death in April 1975, Chiang placed himself in an impregnable position in Taiwan for 25 years. Because of the painful experience in Nanjing, where many of his top associates forsook him, Chiang came to trust no one but his son, Chiang Chingkuo. Unlike Mao Zedong, for many years, Chiang carefully groomed Chingkuo to be a powerful successor.

In the late 60s and the early 1970s, in order to reduce the burden on his ailing father, Chiang Chingkuo had already taken charge of the day-to-day affairs of Taiwan. When Chiang Kaishek died, the power transfer was smoothly accomplished. The younger Chiang had been widely recognised as the only one could succeed his father and made himself party chairman and, later, president. The internal-external situation in Taiwan, in the mid 1970s, was, however, very much different from what his father had had to deal with before. Because the ROC has never relinquished its claim to be the only legitimate regime of China, its political structures have remained essentially unchanged for nearly three decades. The old guard, who followed Chiang in the retreat to the island, had gradually withered & fallen. The outcry against the octogenarians and calls for a rejuvenation of the ruling machine had been made by the local Taiwanese for many years. When younger Chiang took power, he faced immense pressure for political change. Partly because the old guard distrusted him, and rallied to advocate the leadership of his step-mother Madam Chiang; partly because he perceived that the Taiwanese were not well-represented in the ROC government and that their support was needed for a new government programme to succeed, Chingkuo eventually chose to co-operate

with the Taiwanese to ensure the ultimate survival of the KMT and the ROC government itself.(56)

Long before the death of Chiang Kaishek, there had been a continual tug-of-war between those who placed prime emphasis on the goal of recovering the China mainland and those who favoured concentrating on the development of Taiwan. As in China, the two different groups were dubbed ideologues and pragmatists. When the Generalissimo was still alive, it was recognised that he himself headed the ideologues, and nobody dared to challenge his authority; therefore the distinction between the two factions was not clear-cut. Although Chiang had made a secret commitment in 1958, that without U.S. endorsement, he would not use military means to attack the PRC forces.(57) he continued to perpetuate the concept of mainland recovery, rejecting both compromise with his arch enemies - Mao's "bandits" and a separate status for Taiwan. Under Chiang's absolute authoritarian control, most of the resources of Taiwan were diverted to military and security purposes. Not until 1972, when Chiang Chingkuo took over the Premiership, did the situation begin to change. He laid more stress on the economic development of Taiwan. The theme of "a return to the mainland" gradually became mere official rhetoric, as the Taiwanese put it: "it had begun as a fierce resolve; at first an aspiration; then a myth; and finally a liturgy".(58)

Chiang Chingkuo's personal style differed greatly from that of his father. To most Taiwanese, Chiang Kaishek was an aloof autocrat, a living god. Unlike his father, Chingkuo effectively made himself a leader concerned about the life of ordinary people.(59) he brought many Taiwanese elite into his government to replace

the old guard, who had disliked any change in the KMT structures. The reforms Chiang Chingkuo initiated, in no way indicated that he had departed from his father's adamant opposition to Communism and continued to issue ringing declarations of the ROC's determination to recover the mainland. However, they had sophisticatedly transformed the political tension caused by Taiwanese resentment at the mainlanders' domination of the Nationalist government into expectations of economic development and modernisation.

The interaction of the CPC new policy towards Taiwan and the shift of the KMT's attitude towards the recovery of the mainland, as well as the start of Taiwanization provided a better than ever chance to review the feasibility of a peaceful solution of the Taiwan problem. The tension between mainlanders and Taiwanese had decreased, to a certain extent, as a result of the change in US policy towards China in 1970s.⁽⁶⁰⁾ The KMT also started to learn how to tolerate differing political opinions among the local people. For instance, in 1975 the monthly Taiwan Political Review was launched, to publish articles critical of the ROC government, and to comment on highly sensitive issues such as martial law and the role of the military in Taiwan. It is inconceivable that this could have happened under Chiang Kaishek's rule.

After the death of Mao Zedong and Chiang Kaishek, both Deng Xiaoping and Chiang Chingkuo tried to handle the Taiwan issue in a more flexible way. As the old guard on the mainland and Taiwan disappeared, the potential danger of direct conflict or prolonged hostility gradually diminished.

E. SINO-AMERICAN NORMALISATION AND THE ONE CHINA POLICY.

The most significant influence on China's attitude towards the Taiwan issue, allowing her to "talk" about peaceful solution, rather than the use of military threats was the completion of the normalisation of Sino-US relations in January 1979. According to the Joint Communique on the Establishment of diplomatic relations between the two countries, America accepted the so-called "three conditions" which put forward by China; and, Beijing, in return, agreed to Carter's conditions on Taiwan.(61) The three conditions were: the severance of official relations with the ROC on Taiwan; the termination of the 1954 US-ROC Mutual Defence Treaty; and the withdrawal of US troops and military installations from Taiwan.

During his trip to the US in January 1979, Deng reaffirmed that: "In dealing with the Taiwan issue, China would patiently pursue peaceful means..... The only two circumstances under which the PRC would not renounce force were: if there were an extended period without negotiation between the PRC and Taiwan or; if the Soviet Union should enter Taiwan."(62) Concerning this assurance, several points, however, remained unclear. First, Deng failed to mention, as he had previously stated, that internal unrest, the development of nuclear weapons and Taiwan independence are also the reasons which would force China to use military means to solve the Taiwan problem. Second, since he had declared earlier in Tokyo, that "if the Taiwan issue cannot be settled in ten years or in a century, it will be settled in a thousand years", it was difficult to guess how long "an extended period without negotiation between the PRC and Taiwan" would be tolerated by the PRC. Third, Deng firmly denied, after his return from Washington, that

he ever made any promise to settle the question of Taiwan by non-military means. Although these confusions remained, Beijing did try hard to prove that the PRC had softened its rhetoric against Taiwan and initiated a series of proposals for peaceful reunification.(63)

At televised press conference on December 16, 1978, Hua Guofeng was asked if there were any points on which the PRC had made concessions to the US on the solution of the Taiwan problem, i.e. arms sales, Hua was evidently in a predicament, and responded stutteringly"..... I do, don't want to make any prompt answer to that question here, since I did not participate in the China-US negotiations personally."(64) this was regarded as evidence that there was some discontent among the PRC leaders over their US policy and the way to settle the Taiwan issue.

In respect of Taiwan's legal status, the Joint Communiqué of the Sino-US Normalisation stipulated that: "the US acknowledges the Chinese position that there is but one China and Taiwan is part of China.... and the Taiwan issue will be settled peacefully by the Chinese themselves."(65) On December 27, 1978, the Deputy Assistant Secretary of State for East Asian and Pacific Affairs, Roger Sullivan explicitly clarified, that "the United States did not recognise the PRC's sovereign claim to Taiwan in the Joint Communiqué".(66) But Beijing still deliberately emphasised that the word "acknowledges" means "Chengren" in the Chinese version, which if retranslated into English means "recognises".At the time of the negotiations, the US deliberately did not challenge the Chinese version of "Chengren", in order to preserve its position of ambiguity with regard to the legal status of Taiwan.

President Carter's sudden recognition of the PRC, and his acceptance of the demands put forward by China, caused a serious political row in Washington.(67) The Republican Senitors and congressmen led by Barry Goldwater, severely criticised Carter's acceptance of the "three conditions", regarded as a betrayal of its old friends, the Nationalists. Jimmy Carter then argued that the process of normalisation was guided by the principles of the Shanghai Communique, initiated by Republican President Nixon. Nonetheless, Carter did emphasise the importance of the future US relations with Taiwan. He stressed:

"I wish to convey a special message to the people of Taiwan, with whom the American people have had and will have extensive, close, and friendly relations. As the United states asserted in the Shanghai Communique of 1972, we will continue to have an interest in a peaceful resolution of the Taiwan issue. I have paid special attention to ensuring that normalisation of relations between our country and the People's Republic of China will not jeopardise the well-being of the people of Taiwan. The people of our country will maintain commercial, cultural, trade, and other relations with Taiwan through nongovernmental means."(68)

Similarly Deng Xiaoping expressed his confidence that the question of Taiwan had been resolved in principle and reconfirmed his interest in the peaceful resolution of the issue, but again refused to rule out the use of force as a means of bringing the island back to the control of the PRC. It is obvious that the arms sales issue remained the major issue between the PRC and the US. China was particularly emphatic in denying that it had agreed the US could continue selling arms to Taiwan. However, shortly after Deng's return from his trip to Washington, he ordered the PLA to make an incursion into Vietnam to teach Hanoi a "lesson" for its

occupation of Cambodia. In fact, the Chinese invasion of Vietnam reminded the world that Communist China was not averse to using military means to achieve political objectives. And the lesson of the use of military force by China was not lost on Congress when it reviewed the draft of a bill submitted by President Carter, on the future relations of the US and Taiwan.

Many members of Congress reckoned that Carter's draft of the Taiwan Omnibus Bill for the future security of the people on the island was inadequate.(69) Congress then rewrote the bill and passed it in both houses by an overwhelming majority in March 1979. President Carter had no alternative but to sign the revised bill, known as the Taiwan Relations Act on April 10,1979.(70) The Act stated "the Congress finds that the enactment of this Act is necessary to maintain peace,security and stability in the Western Pacific" therefore it should link the future of Taiwan with US security interests in Asia. The Act specifically defined American policy toward Taiwan as: 1). to preserve and promote extensive, close and friendly commercial, cultural and other relations between the people of Taiwan, as well as the people of the China mainland, and all other peoples of the Western pacific area; 2). to declare that peace and stability in the area are in the political, security and economic interests of the United States and are matters of international concern; 3). to make clear that the United States decision to establish diplomatic relations with the PRC rests upon the expectation that the future of Taiwan will be determined by peaceful means; 4). to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and

security of the Western Pacific area and of grave concern to the US; 5). to provide Taiwan with arms of a defensive character; 6). to maintain the capacity of the US to resist any resort to force or other forms of coercion that would jeopardise the security, or the social/economic system, of the people of Taiwan.

To give specific guidance on the implementation of the above policy, Section 3 of the Act reads "In furtherance of the policy set forth in Section 2 of the Act, the US will make available to Taiwan such defence articles and defence services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defence capability ".(71) Meanwhile the President and the Congress shall decide the nature and quantity of defence articles and services in accordance with the situation of Taiwan. The Act indeed, implied that the US was not, as the PRC leaders expected, prepared to desert Taiwan in order to achieve a strategic balance between the US the USSR and the PRC.

The initial reaction of the PRC to the TRA was comparatively moderate. Apart from a Xinhua News Agency editorial comment and a note from Huang Hua the Foreign Minister of the PRC to the US Ambassador Woodcock, no further move was taken. Huang Hua pointed out that "on a number of points the bill is consistent with, in essence, an attempt to maintain 'the US-Chiang' Joint Defence Treaty, to continue to intervene in China's internal affairs and to give official status to future US-Taiwan relations, this is, of course, unacceptable to the Chinese government".(72) Despite the disagreement with the TRA, Beijing carefully avoided spoiling the newly established friendship with the US. Meanwhile President Carter imposed a one year moratorium on arms sales to Taiwan, as

a "compensation" in favour of China.

With the issue of the Taiwan Relations Act temporarily settled on an "agreement to disagree" basis, Sino-US relations remained generally stable. The PRC saw the Soviet invasion of Afghanistan as part of the USSR's southern strategy to isolate and contain the PRC's influence in Asia. Moreover, as the US has continually promised that it would not pursue a "Two Chinas" or "Taiwan independence" Policy, Beijing then responded that it would follow peaceful means to resolve the issue. All in all the PRC campaign for peaceful reunification with Taiwan was brought about by the internal and external political atmosphere.

FOOTNOTES AND REFERENCES

1. Before 1949, the CPC held the view that China and Taiwan were separate, and indeed, it supported the Taiwan independence movement initiated by the Taiwan Communist Party. For further details of the CPC's attitude towards Taiwan in the period of pre-PRC, see Hsiao Hsin-yi, "Who Cut The Umbilicus?" [Zuguo Qidai shui Jianduan?], The Future of Taiwan, [Taiwan zhi Jianglail] Guo Huangui, Zhao Fusan, Co-edited, Beijing, 1983. PP. 25-47.

2. Frank S.T. Hsiao and Lawrence Sullivan, "The Chinese Communist Party and the Status of Taiwan, 1928-43", Pacific Affairs, Vol.52, No.3, (Fall 1979), PP.446. See also Dan Liaozhong, "Where has the CPC's Beloved Taiwanese Nation Gone?", Taiwan Tribune Weekly, (Long Island, New York), No.125, October 20, 1982, P.4.

3. Hsiao Hsin-yi, Op.cit., P.42.

4. The CPC Sixth National Congress Resolutions, [Zhongguo Gongchandang Diluici Quanguo Dahui Jueyian], 2nd ed. (Shanghai 1932), PP. 231-34, The resolution regarding Taiwan was repeated in the same year, by the 5th National Congress of the Chinese Communist Youth League, the Chinese Communist Youth League Regulations, [Zhongguo Gongchandang Qingniantuan Zhangchen], July 1928. P.7.

5. "The Outlines of the Constitution of the Soviet China Republic", [Zhonghua Suweiai Gongheguo Xianfa Dagang], see Collection of Chinese Communist Party Historical Materials, ed.,

by China Section, Japan Institute of International Affairs. (Hereafter as Materials) Vol. 5, PP. 450-51.

6. Hsiao and Sullivan, Op.cit., P. 448.

7. Ibid. P. 449.

8. Harry Shiao, "The KMT's and the CPC's Independence of Taiwan Policy and Documental Analysis" [Guo-Gong Changqi Chandao Taiwan Duli de Shishi], The Taiwan Independence Monthly, (New York, Jan. 1982) PP. 21-23.

9. Edgar Snow, Red Star Over China, (New York, Random House), 1948, PP.88-89.

10. Xinghua Daily, [Xinghua Ribao], June 16, 1941, PP 1-3.

11. Kentaro Yamabe, edited Modern Historical Documents, [Gen-daishi Shiryo], (Tokyo: Misuzo Shobo), 1971, Vol. 22, Taiwan II, PP. 239.

12. Ibid. PP. 263-64. See also Hsiao and Sullivan, Op.cit., P.455

13. K. Yamabe, Op.cit., PP.321-27.

14. For example, the aforementioned article by Hsiao and Sullivan concluded that the CPC long standing policy on Taiwan self-rule was reversed after 1943, Supra P. 447.

15. Dan liaozhong, Op.cit., P. 4.

16. "The Formal Congratulations Offered to the Chinese Communist Party on the Occasion of its Seventh Party Congress by Communists from 'Taiwan and Other Countries' staying in Yanan", Liberation Daily, [Jiefang Ribao], May 1, 1945. P. 3.

17. Ibid.

18. Jiefang Ribao Editorial, March 8, 1947. See also "The 2. 28. Uprising and the CPC", Shi Min, Four Hundred Years of Taiwanese History, (San Jose, Ca. U.S.) 1980, PP. 800-81

19. Minshung Yang, "The CPC's Policy towards Taiwan, 1949-79", The Taiwan Tribune Weekly, Aug. 12, 1982, PP. 3-4; Aug. 19, 1982, P.8

20. Dan Liaozhong, Op.cit., P.4.

21. The CPC determined to "liberate" Taiwan and "bring" it under Communist rule.

22. Minshung Yang, Op.cit., Aug. 12, 1982, P. 3.

23. Ibid. P.4.

24. The slogans of "The Liberation of Taiwan is an historical mission" and "Taiwan is an inalienable part of China" are often juxtaposed in Renmin Ribao. In Table 1, one included the latter

in Item "I".

25. See Renmin Ribao, April 17, 1957.

26. During the Sino-Indian border clash in 1962, the PLA overwhelmed the Indian forces in a very short time. But the PRC initially proposed a cease fire and withdrew its troops to the pre-conflict line. See Chi-kin Lo, Changes of China's external relations [Zhongguo Duiwai Guanxi de Zhuanbian], HongKong, 1985, P. 68.

27. Beijing Review, No.40, October 1, 1965. PP. 22-27.

28. Renmin Ribao, October 8, 1965

29. Tzong-ho Bao, "The Changing Model of Interaction Between Beijing and Taipei, 1949-88", The Annals, Chinese Association of Political Sciences, Taipei, 1988, PP. 121-54.

30. Regarding China as a socialist bastion of the Third World, and its revolutionary diplomatic line, see Michael B. Yahuda, China's Role in World Affairs, 1978, PP. 235-68.

31. Doak Barnett, China Policy: Old Problems and New Challenges, (The Brookings Institution, Washington D.C.) 1977, PP. 3-6.

32. Ibid. P. 4.

33. Ibid. P. 20.

34. Indeed, during Nixon's trip in Beijing, he and the Chinese leaders had to find a formula that would enable them to institutionalise strategic relations without either side appearing to give way on Taiwan, but it had the effect of reducing the salience of the Taiwan issue. See also H. Kissinger, White House Years, 1979, PP. 1087-96.

35. Shanghai Communique, Feb. 28, 1972. The U.S. Department of State Bulletin 66, No. 1708, (March 20, 1972), PP. 435-38.

36. Ibid. PP. 435-36.

37. Ibid. P. 438.

38. Ibid.

39. Ralph N. Clough, Island China, 1978, PP. 25-26.

40. Paul Chan & J. Reardon-Anderson, "Documentation, Chronology, and Bibliography", Contemporary China 2, No. 1, Spring 1978, P.65

41. Hungdah Chiu ed., China and the Taiwan Issue, P.184.

42. Louis D. Boccadi, "Teng Says Vance Trip Set Back Normal Ties" New York Times, August 29, 1977, P. 7.

43. John Tierney, About Face: The China Decision and Its Conse-

quences, New York, 1979, PP. 15-27.

44. R. Clough, Op.cit., P. 27.

45. Martin Lasater, The Taiwan Issue in Sino-American Strategic Relations, 1984, PP. 182-91.

46. R. Clough, Op.cit., PP. 27-8.

47. Chi Hsin, The Political Ups and Downs of Deng Xiao-ping, (Cosmos Books, Hong kong, 1977), P. 183.

48. Hua Guofeng's Working Report of Government at CPC's Eleventh Central Committee Conference, "CPC Central Committee Communique" [Zhonggong Zhongyang Weiyuanhui Gongbao], translated in Foreign Broadcast Information Service, (Hereafter referred to as FBIS), Dec. 26, 1978 E.4 and E.5.

49. Alan P.L. Liu, "Political Development in the PRC, 1977-81", Mainland China, Taiwan and U.S. Policy, edited by Hungmao Tien, 1983, P.37.

50. In Feb. 1980, Deng had substantially gained control of the CPC Central Committee. An announcement was made that the Fifth Plenum of the Eleventh Central Committee accepted the resignations of Wang Dongxin, Ji Denggui, Wu De, and Chen Xilian, the four leading Maoists and Hua's strong supporters. Deng's close associates, Hu Yaobang and Zhao Ziyang were promoted members of the Standing Committee of the Politburo, the apex of power of the CPC. Hua's power base was therefore seriously weakened.

51. "Reports on the Activities of the Deng Xiao-ping Delegation", (FBIS), Asia and Pacific, September 13, 1978, Wang Dongxin's criticism see Central Daily [Zhongqyang Ribao]. Taipei, September 18, 1978.

52. Deng comments on the issue at his press conference on Oct. 25, (FBIS Oct. 26, 1978).

53. Ming Bao, Hong Kong, January 25, 1979

54. New China News Agency, December 16, 1978.

55. In an author's exclusive interview with Li Shenzhi, the former Vice-President of Chinese Academy of Social Sciences, on Aug. 12, 1988, Li frankly admitted that "there are some differences of opinion among the top leaders concerning the new foreign policy of the PRC and the new Taiwan policy". See Ching-yun Yang, "Will the Policy of One Country Two Systems be upheld after Deng?" The Populace Daily, [Minzhong Ribao], Kaoshung, Taiwan, Oct. 25, 1988, P.4.

56. Hungmao Tien, "Social Change and Political Development in Taiwan", Taiwan in a Time of Transition, edited by H. Feldman, Michael Y.M. Kau, and Ilpyong Kim, 1988, PP. 9-16.

57. Fang Min Chen, "How Have We Been Fooled by Chiang Kaishek's Slogan of the Mainland Recovery?" [Jiang Jieshi de Fanggong Dalu

Kouhao Pian le Women Sheme ?], The Formosa Weekly, Los Angeles, Ca., No. 36, 16, 1982, P. 5.

58. Zhang Canhong, Key Note Speech at "the Annual Conference of the Taiwanese Association in Europe", August 1975, Collections of the Non-Party's Works[Dangwai Wenxuan], Taipei, 1982, P. 35.

59. R. Clough, Op.cit., P.61.

60. Hungmao Tien, Op.cit., P.16.

61. Jimmy Carter, Keeping Faith: Memoirs of a President, New York 1982, PP. 186-211.

62. Ibid, PP. 209-210.

63. Carter' memoirs made a clear point that the PRC would prefer a peaceful solution to military settlement over the Taiwan issue. Op.cit., P. 197.

64. Hua then read out some material already prepared by his assistants in which he denied that China had ever agreed that US on arms sales to Taiwan could be continued.

65. See "US Statement Accompanying the Joint Communique on the Establishment of Diplomatic Relations between the U.S. and PRC", Dec. 15, 1978, Department of State Bulletin 79, No. 2022 (Jan. 1979): 26.

66. Hungdah Chiu, Op.cit., P.185.

67. Gene T. Hsiao, M. Witunski ed., Sino-American Normalisation & Its Policy Implications, Praeger, 1983, PP.66-72.

68. Refers to Public Papers of the President of the United States Jimmy Carter, 1978, Book II, (Washington D.C. GPO, 1979), PP. 2264-66.

69. Robert Downen, "The Taiwan Pawn in the China Game: Congress to the Rescue, Washington DC: Georgetown University, CSIS, 1979) The article was reprinted by the Institute of International Relations, Taipei, 1986.

70. Hungdah Chiu, Op.cit., Collected Documents 35, PP. 266-75.

71. Ibid. P. 276.

72. Renmin Ribao, April 15, 1979.

CHAPTER 4: THE FORMATION AND DEVELOPMENT OF ONE COUNTRY TWO SYSTEMS 1979 - 84

"The idea of One Country Two Systems was first put forward with a view to settling the Taiwan and Hong Kong issues. There are two ways to settle the issues: peaceful and non-peaceful. The non-peaceful way, or the way to settle the issues by force, was deemed inappropriate. How could these issues be settled peacefully? It requires taking into full consideration the history and present conditions of Hong Kong and Taiwan.... After the reunification is realised, Taiwan can still practise capitalism while the mainland maintains socialism. Both of them are part of a united China. This is what we mean by One Country Two Systems. (1)

..... *Deng Xiaoping, 1984*

A. ORIGINS OF ONE COUNTRY TWO SYSTEMS

Deng Xiaoping claimed that the original idea of One Country and Two Systems derived from the party resolution of the Third Plenary Session of the 11th Party Central Committee, in 1978.(2) But a careful reading of the documents issued by the PRC during the period of 1978-82, shows no sign of this formulation. In fact, Deng used the concept of One Country Two Systems for the first time in 1982 at a reception in honour of Britain's Prime Minister, Margaret Thatcher, where the two exchanged views on how to settle the Hong Kong problem.(3) The resolution made at the Third Plenum of December 1978, indeed, marked the beginning of a series of peaceful initiatives by the PRC, aimed at bringing Taiwan to the negotiating table.

The new proposal was inspired by two interrelated motives:(4)

on the one hand, to try to convince the Taiwan authorities that Beijing was sincerely looking for peaceful reunification under mutually acceptable conditions, and on the other hand, to create the impression that the PRC would faithfully honour its words according to the Sino-US Normalisation Agreement. The New Year's Day Message to the people of Taiwan in January 1979, formally laid the foundation for China's renewal of China-Taiwan relationships. The message claimed that Beijing was uneasy about the prolonged national division and professed its responsibility for the reunification of the motherland. It also suggested that Taiwan and the mainland arrange for mutual visits and tours, establish postal and transportation services, set up various academic and cultural exchanges, and open up trade. All this was later summed up in the term "Santong Silui" (Direct contacts by ways of mutual exchanges and communications).(5)

Following the publication of the message, a massive campaign for reunification with Taiwan was launched in Beijing. The PRC's National Defence Ministry promptly announced that the PLA was ceasing the alternate day shelling of Jinmen and Mazu which had been occurring regularly since 1958.(6) Hua Guofeng also repeated the proposal for peaceful talks in his government report at the Fifth National People's Congress, and recommended that a peaceful solution to the Taiwan issue should be ratified by the law-making body.(7) Deng Xiaoping was pleased to point out that the New Year Day of 1979 was the most notable one since the establishment of the PRC. Among the three important tasks that he singled out for the Chinese people for the next decade was the solution of the Taiwan issue. He hinted that he would be delighted to meet Chiang Chingkuo in any place to discuss the matter of national reunifi-

cation.(8) When he made his trip to the US in January 1979, Deng sought US's supports to bring about peaceful negotiations between Beijing and Taipei. Many public figures, other than the leaders of the CPC, made sentimental pleas for contacts with their old friends in Taiwan. Overseas Chinese were also mobilised to express their wishes for China's reunification and to put pressure on the Taipei authorities.

The new initiatives gained some international applause, but Taipei and Washington did not respond as positively as the PRC leaders had hoped. In September 1981, in his capacity as Chairman of the SCNPC, Marshal Ye Jianying, offered a more specific "Nine Point Proposal" to Taiwan. The contents of the proposal can be summarised as follow:(9)

1. To initiate reciprocal negotiations between the Communist Party and the Kuomintang;

2. To realise the urgent desire of people on both sides of the Taiwan Straits to communicate with each other, to reunite with their relatives, to develop trade and to increase mutual understanding;

3. Taiwan to retain a high degree of autonomy as a special administrative region and to be allowed to obtain armed forces. The Central Government to refrain from interfering in local affairs on Taiwan;

4. Taiwan's current socio-economic system to be unchanged, as would also be the way of life, and its economic and cultural relations with foreign countries;

5. The people of Taiwan to take part in the state government (in Beijing) and be appointed to leading posts;

6. The Central Government to subsidise Taiwan in case of financial difficulty;

7. The people of Taiwan to be guaranteed the right to come and settle on the mainland and to have freedom of entry and exit;

8. Industrialists and businessmen to be welcomed to invest and engage in economic undertakings on the mainland; legal rights interests and profits to be guaranteed;

9. The PRC welcomed all proposals and suggestions concerning national reunification. It would also respect the current role and status of the people of Taiwan in the process of national reunion.

The above statement was by far the most comprehensive offer the Chinese Communists had yet presented. The PRC lost no time in demonstrating that it was a turning point in her policy towards Taiwan, and claimed the proposal to be a fair and reasonable formula for the return of Taiwan to the motherland in the light of the actual situation. The proposals were rejected outright by the KMT in Taiwan. Apart from reiterating its No Contact, No Negotiation, and No Compromise - "Three Noes policy", the Taipei authorities made counter offers for China's reunification. (10)

More generally, however, there were some ambiguities which the PRC failed to clarify at the time the overtures were made:

1. The Nine-point proposal was based on the fundamental hypothesis that the people of Taiwan were longing to be clasped in the embrace of the motherland, without indicating how that might be established.

2. By proposing that the problem be solved by negotiations between the CPC and the KMT, Beijing was in effect prejudging the

claim of the KMT to represent the people of Taiwan, (without this being tested democratically), and denying the KMT's claim to be a national party.

3. Since the free exchange of mail, trade, visits, and services either do not exist or are heavily circumscribed on the mainland, how could the people of Taiwan exercise these freedoms with people on the mainland without fear of being put at a disadvantaged ?

4. As it is unlikely that Taiwan should receive financial subsidies from the PRC Central government, since the GNP per Capita in Taiwan has reached US\$ 8,500.00 while it is only US\$ 450.00 on the mainland, could there be an ulterior motive for the proposal ?

5. Finally, compared with the people on the mainland, the people of Taiwan have more political economic freedom. It is hard to conceive that the Taiwanese would willingly accept the CPC's suggestions and put their own future in doubt by giving the Communist party final control. In short, for the people of Taiwan the risks involved in reunification on the PRC's terms by far outweigh the hypothetical benefits.

Of course, one should not be confused by Taipei's strong words in rebutting the proposal. In fact, the KMT authorities and those who followed the defeated government in its retreat to Taiwan in 1949, still maintain that there is only "One China, and Taiwan is part of China". To that extent, the Nine-point proposal is quite encouraging, because, at least implicitly, it assures them of their privileged status and the retention of power in Taiwan. But various objections were raised by the Taipei authori-

ties and the mass media they control, mainly because of their lack of confidence that the PRC would honour its words.

Efforts by the PRC to get Taiwan to the negotiating table did not end with the Nine Point proposal. The PRC's latest revision of the PRC Constitution include the provision of Article 31:

"The state may establish special administrative regions when necessary. The rules and regulations in force in special administrative regions shall be instituted by the NPC in legal form in accordance with their specific conditions." (11)

The Article was specifically designed for Taiwan, Hong Kong and Macao, so that these areas could be allowed to retain as Special Administrative Regions. The PRC took the opportunity at the meeting of the National People's Congress to demonstrate that "The Beijing regime is highly unequivocal on the principle of safeguarding its sovereignty, unity and territorial integrity, but would be extremely flexible with regard to specific policies and measures in some areas in China". (12) Elaborating on the possible future of Taiwan, Deng told Winston Yang in July 1983 that: (13)

1. "After reunification, Beijing will not dispatch the PLA to Taiwan, nor will it send officials to take over, to take part in, or to interfere with Taiwan's internal affairs." Though Deng did not agree to the proposition of "Taiwan people governing Taiwan", because he thought it had implications of Taiwan independence, he stressed that "Taiwan can maintain its economic, social system, and its party, government, army and intelligence agency. We will never harm even a single blade of grass or tree on Taiwan. The mainland and Taiwan will co-exist peacefully". He also said that this arrangement would remain unchanged for at least one hundred years. If disputes should arise in the course of implementing the

reunification terms, both sides could seek solutions through consultation. Meanwhile, neither side would act so as to cause harm in any way to the other in its own territory.

2. After reunification Taiwan would enjoy independent legislative rights and could basically maintain its existing laws. Provided that the Constitution of the PRC were respected, the Taiwan legislature would have the right to enact its own laws which would form the foundation for Taiwan's administration.

3. After reunification Taiwan would have its own independent jurisdiction. The laws and decrees on the mainland would not be applied to Taiwan. The court of last instance for Taiwan should sit in Taiwan rather than in Beijing.

4. After reunification, Taiwan would maintain certain rights to handle foreign affairs. It could also handle its foreign economic relations independently. The Taiwan authorities could issue special passports to Taiwan people and could grant entrance visas to foreigners. It could even have the right to sign some treaties or agreements directly with other countries.

5. After reunification, Taiwan's Army will have the right to buy weapons from other countries in order to consolidate its self-defensive capability. (But Deng later denied that he had told W. L. Yang that he agreed to Taiwan purchasing weapons from other countries.)(14)

6. After reunification, Taiwan could still use its special flag and use the title of "China Taiwan".

Because the fifth point caused a degree of confusion, some Chinese sources refer to the document as the Deng's "Five-Point Proposal". Others, and in particular US official documents, refer

to it as "Deng's Six Assurances". When, in Chicago in October, 1983, he was asked to clarify China's policy about US arms sales to Taiwan, Wu Xueqian, the PRC Foreign Minister, did not answer directly. Instead, Wu told his American audience that "All our proposals for the reunification of Taiwan, are the main themes which our leaders have been considering for a long time. We do not ask for US assistance in achieving the reunification of Taiwan with the mainland, but we ask our American friends to refrain from obstructing our efforts." (15)

The 1982 - 84 negotiations between China and Britain over the issue of Hong Kong resulted in the construction of a substantial model of "One Country Two Systems". From the outset of the Sino-British talks, the PRC officials frequently referred to the plans being considered for Hongkong as also being applicable to Taiwan. After the Agreement on the future of Hong Kong was duly signed by the governments of China and the U.K., Deng Xiaoping then added a peculiar caveat:

"We have been discussing the policy for two systems in one country for several years. It has now been approved by the National people's Congress. Some people worry whether this policy will change. I say it will not change. The core of the matter is whether this policy is correct or not. If it is correct it will not be changed. If it is incorrect, it may change." (16)

At any rate, the concept of One Country Two Systems originated from Deng's initiatives. To a large extent, it exemplified the flexibility of the PRC's external policy in the decade of 1980s.

B. THE THEORY OF ONE COUNTRY TWO SYSTEMS

Following the completion of the Sino-British talks, Beijing hailed the One Country Two Systems policy as "a scientific method for the peaceful resolution of international disputes and a new departure in political science and theories of the state." (17) But what exactly is this new political theory - the theory of "One Country Two Systems" ?

The Chinese Communist record over the past decades shows that every innovative policy decision is always accompanied by theoretical justifications. However, "One Country Two systems" was an exception. When the British politicians acclaimed it as a "richly imaginative conception, to solve international disputes," (18) no Communist theory was mentioned to back up this concept. When Deng Xiaoping defined the the policy of One Country Two Systems, he said that "the policy goes with the principle of seeking truth from facts". This, obviously, is insufficient as an explanation of the socialist criteria allegedly applied. Since the Sino-British Agreement was signed, it ceased being merely "a tentative plan formulated in response to a particular problem", rather it became "a national policy and a guideline to conducting external affairs". (19) Therefore the theoretical issues of One Country Two Systems have been dealt with both by party ideologists and scholars in China.

Some eminent Chinese scholars and party theorists have made efforts to justify One Country Two Systems as compatible with the principle of revolutionary foreign policy. For instance Pei Monong, the Deputy Director of the Institute of the International

Relations Studies in Beijing, believes that "in terms of the stages of development in human history, our era is one in which socialism and capitalism exist side by side. In fact, for the past thirty odd years we have been living in a situation of 'One World Two Systems'".(20) Qian Jiaju, a former Consultant at the Chinese Academy of Social Science, also said "In such an historical epoch, the belief that socialism and capitalism are irreconcilable opposites like fire and water, and that if we don't destroy them, they will destroy us, is an expression of the outmoded vision of the 1950s, the Dulles philosophy."(21)

Indeed, a world where capitalist and socialist countries have existed side by side for many decades, is one in which peaceful coexistence between the two sides is possible. The extension of the concept of peaceful coexistence, inherent in the framework of "one world two systems", to the notion of one country two systems appears to be a reasonable foundation for proposing the policy of "One Country Two Systems". But if one looks more closely at the reasons for the peaceful coexistence of the two systems in one world, it becomes clear that the conditions for one world, two systems and one country, two systems are actually very different. Hence, the argument that world politics actually "formulated" the idea of one country two systems is a weak one.(22)

On many occasions, the Chinese leaders have hinted that the idea of one Country, Two Systems is a new development within Marxism. Qian Junrui, Professor of philosophy at Beijing University, also suggested two reasons why the policy should not be seen as a departure from Marxism. First One Country Two Systems is a product of the Marxist line of seeking the truth from facts,

starting out from a knowledge of reality, and combining theory and practice. Second, the policy does not depart from the theory of Marxist dialectical materialism, rather, as Qian put it: "the principle of the unity of opposites, the relationship of productivity and means of productions, the theory of surplus value and the law of the development of history are all scientifically adopted in the concept of One Country Two Systems." (23) Yet, again, this explanation was hampered by lack of evidence that the concept of One Country Two Systems has any connection with these hackneyed and cliché-ridden expressions of the Communism.

Another thesis was put forward by Wang Bangzuo and Wang Huning, in an informative explanation of their article "On the Relationship of Sovereignty and One Country Two Systems". (24) The argument in the article held that: "...In the Concept of One Country Two Systems, the literal meaning of 'One Country' refers to the indivisibility of state sovereignty and the unitary nature of the Chinese nation." (25) Although the historical situation has necessitated "peaceful coexistence" between political systems of different natures, the two Wangs believed that in searching for a solution to the division of the nation, "if the question of sovereignty is avoided and the unification of sovereignty is not discussed, there can be no hope for the eventual reunification of the nation, and all methods of achieving this end will have lost their main premise and basis. This reasoning causes the Chinese leaders and theorists to reject ideas such as "Two Chinas" or "China and Taiwan can coexist": in Wangs' opinion, One Country is the principle aim of One Country Two Systems. (26)

While clarifying the principle of One Country Two Systems,

the Wangs' article also stresses the unitary nature of China, as they explain "overall sovereignty can be vested in the Central Government, while regions with different political systems can be authorised by the Centre to exercise a high degree of self government. The linkage of Two systems in One Country implies a high level of organic integration of sovereignty and administrative power." (27) According to the Wangs' viewpoint, under unified sovereignty there can be many types of administrative system, but the relationship between the Two Systems is clearly an unequal one. This is because One Country is a process created for the transfer of sovereignty while the Two Systems are merely a number of regions whose organisation is based on the exercise of administrative power. (28)

In spite of its hard-line nature, the article does succeed in clarifying a number of important points. People in Hong Kong and Taiwan spend a great deal of time in discussing the contents of Two Systems, yet Chinese leaders regard it as a pre-condition that One Country should come first, otherwise the Two Systems could not possibly exist. The emphasis on One Country, however, raises questions about the sincerity of their support and tolerance for Two Systems.

The most succinct and thought-provoking work on the theory of One Country Two Systems came in an article by Yan Jiaqi, former Head of the Institute of Political Studies, the Chinese Academy of Social Sciences. Yan defined the theoretical scope of the policy as follow:

"The meaning of 'One Country Two Systems' is that the constitution and laws of a particular state expressly allow a certain number of regions within

that state to maintain a different type of political, economic and social order. The administrations of these regions, however, are local governments of that state, and are therefore not entitled to exercise sovereignty".(29)

The above definition brings out four key factors that include 1). the different systems are to be in operation in separate regions, not Two Systems in one region; 2). there will continue to be obvious differences between the Two Systems, and these will be allowed to coexist; 3). these regions will still be part of a unitary state and therefore will not have the right to conduct foreign affairs, declare war or make peace on their own behalf, nor to organise their own defence forces; 4). explicit guarantees for the long-term coexistence of the Two Systems on a stable basis are to be given in the constitution and in law.

Yan also argues that the policy of One Country Two Systems differs significantly from any parallel, either historical or international, which could be drawn, since none was protected by any type of constitutional provisions. Examples would be Emperor Taizong of the Liao dynasty's formulation "The State rules over the Khitans, whilst the Han rule over the Han people " (Yi Guozhi Zhi Qidan, Yi Hanzhi Zhi Hanren),(30) and the coexistence in North America before the Civil War of the slave-holding South and the slaveless North. China's Special Economic Zones enjoy autonomy in the economic sphere only, while the Ethnic Minority Autonomous Regions have the same type of political and economic system as the centre.(31)

No Chinese leader or scholar has attempted to show what distinguishes One Country Two Systems from federalism or a confederation. But Yan Jiaqi does mention that "generally, states are

classified as either unitary or compound, compound systems being of the federal or confederative type, but One Country Two Systems innovates in enlarging the jurisdiction of local government to an extent never previously seen within a unitary country." (32) In other words, in the past it has been considered impossible to retain a unitary state structure while also enjoying the advantages of federalism or confederation, but now China has discovered a way of combining these two elements in One Country Two Systems.

In theory, the statements of the Chinese government and the annotations made by the above mentioned scholars, have indicated that the policy of One Country Two Systems represents a higher degree of autonomy than that of the different states under the federal systems of the US, Canada or Germany. In comparing federal systems and One Country Two Systems, there are two problems, however, which remain unclarified. 1). Federalism, in general, includes the possibility of there being one, two or even many systems of government, but One Country Two Systems "assumes" that there will be only two. 2). The scope of the jurisdiction of federal states is based on the initial independence of the states from the central government and allows them to contend for jurisdiction over specific areas with the national governing body, while under One Country two Systems the power of the SARs is "conferred" upon them by the central government, and they are subordinate to it. (33)

Arising out of the above-mentioned proposals made by Ye Jian-ying and Deng Xiaoping, together with the above analysis of the theoretical concept of One Country Two Systems, a concise, and explicit definition could be drawn up as follows:

" The meaning of One Country Two Systems is that the constitution and laws of a particular unitary state expressly allow one or many regions within that state to maintain a fundamentally different type of political, economic and social order. The administrations of these regions have the status of local governments but can only exercise powers, according to law, which have been conferred on them by the central government, and they are not entitled to exercise any right of national sovereignty." (34)

Fundamentally, the theory of One Country Two Systems is established on two major hypothetical premises: 1). The people of Taiwan are longing for national reunification. The PRC leaders believe that the overwhelming majority of the inhabitants in Taiwan regard themselves as thoroughly Chinese and share the same deep-rooted national identity as the rest of the Chinese people. 2). A great many artificially imposed obstacles have existed, and most of the problems between Taiwan and the mainland are caused by misgivings, misunderstandings and misinterpretations that have deterred the people of Taiwan from trying to reunite with the mainland Chinese. Should the two premises accepted by the people of Taiwan, certainly the theoretical concept of "One Country Two Systems" would eventually be the guideline for reunification. The essence of the Taiwan question would therefore become not whether to reunite or not, but how to reunite and on what conditions.

But would the people of Taiwan accept these hypotheses ? This is a matter which should be discussed and it will be dealt with in Chapter seven.

C. THE CHARACTER OF ONE COUNTRY TWO SYSTEMS

Judging from the abundant documents, speeches and comments relating to the policy of One Country Two Systems, the character of the policy has many aspects. And these can be argued in three ways as follows:

1. The contradictory nature of the two systems.

"One Country Two Systems" is undoubtedly an example of "the unification of contradictions".(35) As Deng Xiaoping pointed out: "if there were no contradictions between the two systems of mainland China and Taiwan which have coexisted for such a long time, there would be no need for a strategic policy of One Country Two Systems to settle the problem."(36) In terms of contradictions, there is a fundamental problem: how to justify the rejection by one of the existing systems of tolerance of the other, and the employment of a new framework for the management of their relations ? In other words, what is the justification for the two parties proposing that it is necessary to take positive measures to re-shape their mutual relationship ?

Indeed, a simple answer to this question is by no means easy, as both long-term peaceful coexistence and positive methods for the elimination of contradictions are subject to the vagaries of practical situations which are in turn affected by the contradictory nature of the two systems. However to argue the nature of the policy, it must be recognised that at times it is unnecessary to seek to solve contradictions through active measures, and, in fact, letting them alone might be more advantageous. From this perspective, "One Country Two Systems" advocates laying aside the problem of the contradictions between the two systems in the

interest of reunification and makes clear that an attempt to force positive solutions will seriously endanger peaceful reunification. The best tactic for coping with contradictions is perhaps quietly to distance oneself from them on some occasions and to try to equip oneself with the time and the necessary material conditions on others. The essential prerequisites for peaceful coexistence are an attitude of mutual respect and a state of mind summed up by the Chinese classical phrase "the gentleman agrees to differ", (Junzi Heer Butong). (37) This principle, perhaps, applies equally to all relations between human beings and states.

If several regions were allowed to implement different social, political and economic ideas under a liberal society allowing for democratic freedom or a pluralistic economic and political order, and as a result of this contradictions emerged, it is likely that in the process of applying predetermined laws and decision-making procedures some method of reducing problems would be found, or at very least that some control could be exercised under an objective system which would prevent the scope of the difficulties from widening. If a few areas which have capitalist systems are to co-exist successfully with a socialist, central government, a high degree of commitment and leadership ability will be essential. A cautious approach will be needed to preserve the stability and viability of the policy. At any rate, this contradictory character is an integral part of One Country Two Systems, and must therefore be taken into consideration, but it is difficult to predict whether the contradictions can be resolved or not.

2. The possibility of one side overwhelming the other

Since the "Two Systems" are unequal, the relationship between them is not reciprocal and balanced, and therefore there is a possibility that the larger system will be tempted to overwhelm or absorb the smaller one. But, is a reciprocal, balanced and equal relationship between the Two systems completely outside the scope of the proposals China has put forward in "One Country Two Systems" ? The written record of the policy would force one to reply to this question in the affirmative. Although both Taiwan and Hong Kong have enjoyed phenomenal economic success and prosperity, Deng Xiaoping has repeatedly declared: "Would it make sense to re-unify China by transferring the system of Taiwan under which only ten million plus people live, to the billion people of the mainland ? China's ultimate goal is indubitably Socialism".(38) Moreover, the policy of One Country Two System is not to be used for the ethnic minority autonomous regions or anywhere else on the mainland. The PRC has explicitly indicated that the existing rules of One Country Two Systems are prepared for the adjudication of disputes where Beijing will exercise the ultimate authority.

The basic idea of the Two Systems in One Country is that the Socialist mainland and its government rule, while Taiwan and Hong Kong are ruled(may be not totally) and have to accept the central government's direction.(39) The CPC would be unlikely to think that this formulation departs from its stated aims. In other words, if there were even the remotest possibility that Taiwan or Hong Kong would be able to overpower or absorb the mainland and become its rulers, would it still have the same trust in "One country Two systems" ?

In the Autumn of 1920 the young Mao Zedong advocated "self government" and "complete autonomy" for Hunan.(40) But the Summer of 1983 saw Deng Xiaoping saying, "there cannot be unlimited autonomy, it cannot be 'complete'. 'Complete Autonomy' would, in effect, mean 'Two Chinas'".(41) The circumstances of these two pronouncements were very different and therefore the conclusions they come up with are also different. The purpose of One Country Two Systems is clearly to effect the reunification of China, while preserving the prosperity and stability of Hong Kong and Taiwan. Indeed, the term of "One Country Two Systems" is much more attractive than the previous advocacy of "liberation" by force. However, those who concerned with effecting reunification in Hong Kong and Taiwan are extremely sensitive about this tendency inherent in One Country Two Systems for the larger to overwhelm smaller unit, and they hope that the policy might be improved through proposals similar to those in the "Puerto Rican Model", (42) or even the "Singaporian Model". This apprehension is understandable and ought to be taken into consideration.

3. The transitional character

Xu Jiatur, when Chief of the Hong Kong Branch of the Xinhua News Agency, commented that "the transfer of the sovereignty of Hongkong is not only expedient, but is also in the best interests of both sides and is an expression of an awareness of the actual situation. The policy of One Country Two Systems is the result of the party centre and the State Council undertaking research and discussion over a long period of time. It takes account of Hong Kong's history and its present situation; the task of reunifying China; the needs of socialist modernisation and the wishes of the

majority in Hongkong, and for these reasons it has been supported both domestically and internationally."(43) What the leaders of the PRC have said may be true, and the prudence and realism of the Beijing authorities has gained international credit. However, this does not alter the transitional character of One Country Two Systems.

The policy is transitional in that it is explicitly limited in terms of time, and the ultimate aim is also clearly stated. But would it be possible to make "One Country Two Systems" a permanent arrangement ? Is there any chance that the predominant socialist system could either make some concessions, or even undergo some change which would makes it no longer predominant ?

Deng Xiaoping, who confidently asserts that his Party fears no criticism, recognised that people in Taiwan and Hongkong would have found the idea of socialism unacceptable during the Sino-British talks, and proposed the new formulation; "We will not swallow you up, and you will not absorb us. After fifty years of the practice of One Country Two Systems, it will be even less likely that Hong Kong would be compelled to transfer into the Communist system, simply because by that time the PRC will have become a strong and prosperous socialist nation."(44) This assertion contradicts many of the previous speeches made by CPC leaders (including Deng himself) in which they had vowed Hong Kong's eventual transfer into the main-stream system. Moreover, Deng's claim subjectively implied that a strong and prosperous socialist China would be equally attractive to people who had been used to living under the Capitalist system. Even if that were so, how could people in Hong Kong and Taiwan be sure that

the PRC would become a strong and prosperous nation in fifty years time ? In fact, judging from the political upheavals which have repeatedly occurred on the mainland, the residents of Hong Kong and Taiwan have been more concerned about their possible political suppression than their chances of economic prosperity should the Communists come to rule them. Deng's comment, however, deliberately avoided these points and that has made the people of Taiwan and Hong Kong gravely worried about the transformation period of 50 years which is to be a time of re-education for learning the glories of Socialism. If the One Country Two Systems policy really means peaceful coexistence, with neither side prevailing over the other, then there should be no need for time limits or a final outcome which favours one side. But, in fact, the Sino-British statement clearly sets out the deadline after which Hong Kong will adopt the system of the rest of China, leaving Beijing little flexibility in case it should choose to alter its original intention.

D. THE LEGAL BASIS OF ONE COUNTRY TWO SYSTEMS

As has been mentioned above, the 31st article of China's 1982 Constitution allows for Special Administrative Regions to be set up if necessary, the system of SAR's to be determined by actual conditions, to be legislated for by the National People's Congress. This, the PRC has contested, is the legal basis for One Country Two Systems. From the exact wording of the article, the establishment of many SARs with different types of government

could be envisaged. However, the speeches of the CPC leaders reveal that the proposed SARs are Taiwan, Hong Kong and Macao only, and that there will be no others. Concrete issues, such as differences in the application of the policy in each of the three, arising from their particular requirements and the time at which they are re-united with the mainland, will be legislated for by the NPC as they emerge, in accordance with the specific situation of the time.

Some problems, which could create conflicts and threaten the foundations of the stability of One Country Two Systems, become apparent on reading the plans for putting the policy into effect as laid down in the constitution. The most important reason for this is that the status of article 31 is rather unclear.

The preamble of the constitution says: "All the peoples of China will uphold the People's Democratic Dictatorship and keep to the socialist road under the leadership of the CPC and the guidance of Marxism-Leninism and Mao Zedong thought." (45) Article 1 of the constitution's General Principle states: "The PRC is a socialist country led by the proletariat and based on an alliance between the workers and peasants and exercises government through the People's Democratic Dictatorship. Socialism is the fundamental principle of the PRC's governmental system" (46) Article 5 claims "No law, administrative regulation or local rule can conflict with the provisions of the constitution. All state bodies, the armed forces, political parties and associations, businesses, enterprises and organisations must uphold and respect the constitution and the law. Any violations of the law or constitution must be thoroughly investigated." (47)

The constitutional justification for the future SARs existing under a different type of government lies only in the above-mentioned Article 31, and is obviously in opposition to all these strict regulations. According to the explanation given by Beijing, article 31 is a "Proviso of principle", and the NPC can therefore decide to implement "One Country Two Systems". This provokes two urgent questions. First, can the NPC override what is laid down in the constitution and confer power on any region, organisation, or individual in accordance with this proviso ? Second, are the governments upon which the NPC has conferred power and the individuals living in the SARs subject to the provisions of the constitution, or can they act unconstitutionally without being prosecuted ?

A careful analysis of article 31 reveals that it is only the word "special" which seems to exempt it from the other provisions of the constitution. However, what is the scope of this "special" status ? Is it actually part of the constitution ? If it can exempt these "special" areas from articles of the constitution such as No. 6, which lays down the system of ownership of the means of production and No.10, the system of ownership of land; No.24, which concerns communist education and No.25, the birth limitation programme; And No.33, which says that the citizens of the PRC are all equal before the law, then why can it not exempt them entirely from the provisions of the constitution ? Any attempt to interpret Article 31 by bringing it into line with the preface to the constitution and article No.1, could provoke interminable disputes, and if article 5 is to apply to the SARs, their basic law could be declared to be unconstitutional.

There seem to be two possible ways of resolving once and for all these controversies over the jurisdiction of various parts of the constitution. The first would be to amend article 31 with reference to article 64, adding the words: "these provisions are not subject to limitation by any other article of the constitution." (48) The second method would be for the NPC to proclaim publicly, with reference to the first clause of article 67 of the constitution, that "the SARs can have systems which are not socialist (or are even in opposition to socialism), and are not subject to articles of the constitution which would disallow this". The first solution has greater legal authority, but the second is clearer and more thorough. (49)

Some scholars, however, argue that the constitution in China has always been subject to changes in party policy, so that, when the CPC encounters a situation in which "revolutionary necessity" requires it, the constitution is laid aside or even radically altered, as the party leaders do not consider the constitution to be the ultimate authority. (50) According to this reasoning, it is therefore important to ensure the correctness and stability of One Country Two Systems on the level of policy and in its subsequent implementation, rather than providing for minutiae in the constitution. The people of Hong Kong responding to the revision of the PRC Constitution in 1982, have firmly demanded that the Chinese government must abide by its own laws. In Particular, an interpretation of "One Country Two Systems" must not violate the constitution and should be established on a firm constitutional basis. (51)

However, further ambiguities are caused by the PRC's attitude

towards the controversy over the provisions of the PRC constitution for the planned Basic Law of Hong Kong (Mini-Constitution). In Sept. 1984, an article in Renmin Ribao entitled "Clarifying the possible legal problems of One Country Two systems and Chinese law", (52) claimed that the policy China put forward will be implemented as laid out in the Sino-British Agreement, and is not in contradiction to the articles of China's constitution, being rather completely in accord with them. The article makes three vital points: (53)

1. It explains that the Four Basic Principles laid down in the constitution "are binding over the entire country". (54) The first article of the constitution, which decrees that "the socialist system is the basic system of our country" is actually speaking of the overall character of the nation, and the implementation of the special policies in the SARs will not affect this character, as they are only particular social policies carried out by the nation. The article quoted a comment made by the NPC Standing Committee: "the 1954 constitution listed four types of ownership of the means of production, namely ownership by the whole people, the collective, the individual, and capitalist ownership, but, in fact, in the regions inhabited by ethnic minority peoples, slaveholding and feudal ownership still existed." (55)

2. It contests that Article 5 of the constitution states "no law, administrative regulation or local statute can be in contradiction with the provisions of the constitution". Despite this, it is a fact that some of the provisions of Hong Kong's projected Basic Law are bound to contradict certain articles of the constitution (e.g., the system of ownership, right to strike, and the

right to decide on the number of children to have with no intervention from the state etc.). The article claims that since the Basic Law is provided for in article 31 and its wording is an integral part of the whole constitution, any regulation which is in accordance with article 31 is also in accordance with the constitution.(56) As for the specific legal provisions to be enacted for Hong Kong, "as long as they are in accordance with the Basic Law, they will be consistent with the constitution, and it would therefore be illegitimate to cite article 5 to support a contention that these are in contradiction with the constitution."(57)

3. The article asserts that the fact that the Hong Kong SAR will have different laws from the rest of the country, does not go against article 33 of the constitution which says that "all citizens of China are equal before the law". It justifies this view by saying that article 33 refers to the fact that all citizens are to be treated equally in the implementation of the law, not in terms of legislation.(58) The SARs can have their own legislation, different from that of the rest of the PRC, because of their special circumstances. The law of the whole nation will be applied equally to all its citizens, while the registration of the SAR will be applied equally to all the citizens of the SARs; this is the true meaning of equality before the law.(59)

In the first point of the above explanation, the PRC government has resorted to sophistry, the second uses a lame argument and the third can only be regarded as fallacious. It is difficult to see how the view put forward by the author of the article can really be squared with the idea of the constitution as China's "primary great law". Even in a federal system, all the states in

the federation must abide by the provisions of the federation's constitution, although each state has its own particular legislation. The article seems to suggest that if something is in accordance with one article of the constitution then it is compatible with the whole constitution; if the citizens of one region are equal before that region's law, then this constitutes equality before the law. This is a strange type of logic.

E. OTHER MODELS AND ONE COUNTRY TWO SYSTEMS

"One Country Two Systems" is not the only proposal that has been put forward to solve the Taiwan issue. Many formulae have been proposed for the normalisation of relations between China and Taiwan, .(60) Of more than ten models for the resolution of the issue, the most frequently mentioned include:

1). The former German Model: In the last four decades, East Germany and West Germany have resolved their problems peacefully. Although both German governments were strongly constrained by international influence on the issue of reunification, they had gradually reduced their mutual hostility. The situation in the two Germanies, had led to the exchange of representatives between Berlin and Bonn; dual recognition of the two states by many other countries; dual representation of both Germanies in the diplomatic corps of the world community; membership for both East and West Germany in the United Nations; and direct trade and tourism between the two systems. Hungdah Chiu and some other supporters

of this formulation believe that the Taiwan issue should be solved in a manner similar to the German solution.(61)

2). The Singaporean Model: Hungmao Tian first advocated the "Singapore pattern" in 1972, and it has received a fair amount of attention in the international arena.(62) Tian holds that "One China" means an identity attached only to the Han nationality and culture, and that all Chinese do not necessarily live under one political roof. He argues that although today's Taiwanese, in terms of nationality and culture are Chinese, they are actually of a different political identity and should be regarded as such, just as are the Chinese who now reside in Singapore. Many in Taiwan take Tian's point, proposing to change the KMT's current power structure by turning it into another Singapore.

3). The Federal state or Confederation Model: It has been suggested by scholars and politicians such as Yan Jiaqi and Hu Di that Taiwan and the mainland form a "Federal Republic" or "China-Taiwan Republic" (Zhongtai Gonghe Guo). These propositions entail creating a loosely organised Federal Parliament, Confederate Council or other symbolic organisations, over which there will be no central government to dominate the other part and each of the governments will have its own independent diplomatic powers.(63)

4). Self-Determination (independence) Model: If there were an opportunity for all the people in Taiwan to take part in a plebiscite, it is possible that they would choose the option of Taiwan Independence.(64) The governments on both sides of the Taiwan Straits deliberately prevent the testing of the opinions of the common people on the issue of unification. Repeatedly the

PRC's warning is heard that a declaration of Taiwan independence would be seen as a direct challenge to Beijing, thereby increasing the danger that the mainland would abandon all other alternatives and resort to military force to gain possession of Taiwan. Recently, some have, however, argued that the new generation of leaders within the PRC may be more tolerant towards the long term separation of China and Taiwan. But it seems likely that a premature declaration of independence would come to nothing.

5). Far Eastern Economic Community: The General Secretary of the Democratic Progressive Party, Zhang Junhung and many other scholars who support so-called Functionalism, have proposed this model.(65) The establishment of a Far Eastern Economic community in the Asian-Pacific region, which would include both Taiwan and the PRC as members of the organisation, would ease the tension between Taiwan and the mainland. They believe the trend toward regional, global markets in the international environment produces an economically, technologically and culturally interpenetrated system, such as that of the European Community, that challenges the traditional insulation of national borders. No doubt, this development illustrates what the functionalist argues, that peaceful relations are "more likely to grow through doing things together in the workshop and market-place than by signing pacts in chancelleries."(66)

6). One Sovereignty Two Administrations: The formulation was proposed by Shen Junshan in 1984. Shen argues that sovereignty and administration can be completely separate.(67) Under his proposals for the unification of China, the governments of the regions presently outside the jurisdiction of Beijing would

control their own defence and foreign relations, thus retaining complete power over their respective territories under the overall sovereignty of Chinese Culture, with peaceful competition of the two systems in one China. This proposal gives conceptual form to and points the way forward for the stable development of something which is already happening on both sides of the Taiwan Straits. This is identical in substance with his idea of "One House with Two Rooms, in which each has its own key", and differs from the CPC's "One Country Two Systems" in seeing the two sides as equals, with neither having jurisdiction over the other, and each having its own administration. (68)

7). Multi-System State: This was first advocated by Yung Wei in 1981. Wei believes that "this model can clarify the fact that the reality in the divided country is not the separation of one nation into two or more nations, but the emergence of more than one political system within a nation, either as the result of international arrangement or as the product of internal wars. More significantly, the term multi-system state reflects faithfully the true nature and cause of the division i.e., the confrontation and competition between non-Communist systems and Communist systems in various countries." (69) This model looks squarely at the actual situation in countries which are divided and suggests a way in which the separate parts of those countries can each protect their own interests and jurisdiction over their own territory, and participate together in international events and bodies, before a final solution of the sovereignty issue has been reached through the mediation of international organisations. The separate parts would all have the status of "a state" at international level, but an idea of their still being parts of one

country would be maintained. The relationship between them might still fluctuate from peaceful competition to hostility until they eventually resolve their differences and are reunified. Scholars on both Taiwan and the mainland have deemed that there are fundamental differences between this model and "One Country Two Systems", but they do not enumerate these differences.

8). Two Systems One Country: The proposal, obviously, is only the projected policy of One Country Two Systems reversed. However, it could mean something very different from the original idea. Dr. Chen King first made the revision from the PRC's proposal.(70) It could mean "One China, but Not now"; it could also mean that "Two Systems" are more essential than the "One Country", and that transferring the two systems into a united country will need more time than the PRC leaders have proposed. Many comments published in Hong Kong strongly argued that people residing there would prefer this revised model to the PRC's proposals.(71)

9). One Country Two Government Model: The model was drafted by the ROC government on Taiwan with the endorsement of the KMT headed by President Li Denghui. After Chiang Ching-kuo died in 1988, the liberal leaders of the KMT tried to change the rigid and long-held policy of claiming to be the sole legal government representing the whole of China. The PRC, however, depicted "One Country Two Governments" as a model of "Taiwan Independence Mark II", and denounced Li Denghui for pursuing a policy of "Du Tai" (an independent Taiwan)(72).

10). Olympic Model: This model has been the one of most well known formulations, other than the One Country Two Systems. It is

no longer a hypothetical proposal, rather it is a counter offer made by the Taiwan authorities and recognised by international institutes. On many occasions this model has been regarded as the way out of the Taiwan-China dispute.(73) The first systematic explanation and analysis of the pattern was made by Professor Wong Songran of Hong Kong Chinese University at the Xiangshan symposium on "the Future of Taiwan" in Beijing in 1983.(74) Wong argues that "the model calls for self-governing, non-interference and peaceful competition between the two sides as the main points of internal policy, and in international affairs a 'One Country Two Teams' or 'One Country Two Seats' approach, in which one team has the status of an independent state while the other has the status of a local government or a non-state legal entity."(75) This is clearly different again in some respects from the PRC's One Country Two Systems. It is not explicitly guaranteed by the constitution and laws of one country, but would be the result of agreements produced and then maintained by separate negotiations between the two sides & the relevant international organisations. It would not, strictly speaking, start from the assumption that the two sides would operate under distinctly different political, economic and social systems. Besides, each would have the right to control its own foreign policy and defence and to declare war and make peace. But unlike the proposed models mentioned above it does not appear to contradict or conflict directly with One Country Two Systems. This is because although an international agreement is not the constitution and laws of one country, it is a type of guarantee; the two sides can have completely different systems, but this is not a fixed provision; and in allowing a local government or non-state legal entity to participate in

international affairs, the exercise of sovereignty would obviously be circumscribed to some extent.

The specific contents of the Olympic model are yet to be confirmed by both Chinese governments. The most controversial problem, over the past years, has been finding a proper title for the ROC government. Although it may be a practical as well as an already internationally familiar one, neither the PRC nor the ROC authorities would choose the name of "Taiwan" to replace "the ROC on Taiwan".(76) Beijing would prefer Taiwan to be called "China Taiwan" since it could be explained in Chinese as "China's Taiwan or Taiwan belonging to China". Taipei authorities reject this name absolutely, instead it recommends "China, Taiwan" (with a comma), because this would specifically imply "the Chinese Mainland and Taiwan", two geographical areas. Moreover, this is a copy of the "Two Germans model".(77) Beijing was not happy about the revision and Taipei then deleted the comma and put forward a new version "Taiwan China", Beijing still did not accept the new revision, because again this would imply the geographical concept of Taiwan and mainland China. Beijing then suggested retaining the comma, as Taipei had previously proposed. In that case "Taiwan, China" could refer, as aforementioned, to "China's Taiwan" and would not imply "Mainland, China" because in Chinese "Mainland, China" would be either a meaningless term or two separated terms. Of course, Taipei again rejected this revision.(78)

Taipei later suggested "Taipei, China" or "Chinese Taipei", instead of "Taiwan, China", but Beijing considered these were to announce "Taipei" as the Capital of a certain country, and it was no different from "Bonn, West Germany" or "Japanese Tokyo", and

retorted that the Taipei authorities were still putting forward their perennial "Two Chinas" policy. Taipei Olympic Committee then firmly declared "our government is sincerely trying to find a new concept to respond to the proposal of the mainland authorities for peaceful unification, and the ROC government is prepared to accept any one of the following concessions: 'Taipei, China', or 'China, Taipei' (with commas); 'Chinese Taipei' or 'Taipei China' (without comma,)." (79) Beijing tacitly implied that "Taipei, China" and "Chinese Taipei" would be acceptable. Consequently, the two names were openly seen at the Los Angeles Olympic Games in 1984 and in the annual conference of the Asian Development Bank later. The PRC claims that "Taipei, China" and "China Taipei" are no different from "China Hong Kong" or "Hong Kong, China" and interprets it as a preliminary realisation of "One Country Two Systems". However, the ROC government still insists that the use of the above alternative names in international activities should be regarded as an expedient measure, and should be allowed only on unofficial occasions. (80)

It seems likely that it is because the Olympic Model is fairly close to "One Country Two Systems", but does not require either side to make any large concessions, that it has already had some positive effects. The first application of this model, the Olympic games of 1984, in which both Taiwan and China (and, indeed, Hong Kong) participated, could be said to have been basically successful, although Taipei may have been unhappy with some aspects of that experience. (81)

Not surprisingly, the PRC shows no interest in any solution other than the proposal of One Country Two systems, because it

suspects "all of the suggestions, put forward by the KMT and its associates, would eventually lead either to the aim of Two Chinas or Taiwan independence".(82) Beijing appears to be confident that the concept of the One Country Two Systems will be acceptable to the people of Taiwan. Moreover, it will be generally useful to solve disputes in other international matters. And, indeed, the issues of Hong Kong and Macao have provided timely proof of its practicability and feasibilities.

FOOTNOTES AND REFERENCES

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CHAPTER 5 THE APPLICATIONS AND IMPLEMENTATIONS OF
ONE COUNTRY TWO SYSTEMS - The HongKong
& Macao Solution and the Taiwan Issue
1984 - 87

" A sensible solution of the Hong Kong issue will provide a good example to the Taiwan compatriots for the return to the embrace of motherland the policy of one country two systems is not merely a theoretical proposal but also a reasonable and feasible policy." (1)

..... Deng Xiaoping, 1984

" The successful negotiations over the sovereignty of Macao between the governments of China and Portugal proved again that the method of peaceful reunification by way of One Country Two Systems is a will-thought out approach to solve an historical problem about which the international community is deeply concerned." (2)

..... Deng Xiaoping, 1987

A. THE HONG KONG ISSUE AND SINO-
BRITISH NEGOTIATIONS

The resolution of the problems over the British colony of Hong Kong in 1984 and the Portuguese colony of Macao in 1987 have been cited by Beijing as models for a future solution of the Taiwan issue. Ever since their victory on the mainland, the existence of the capitalist colonies on their borders has been an affront to the Chinese Communist's principles. However, they did not seek to repossess by force these imperialist governed territories. Indeed, not until London raised the question of the

sovereignty of Hong Kong in the light of the impending ending of its lease in 1997, were the issues of Hongkong & Taiwan mentioned simultaneously.(3) In Sept. 1984, the PRC and Britain concluded an agreement on the future of Hong Kong, and it was known as the Hong Kong Model of One Country Two Systems.

The Hong Kong issue emerged first in the mid-19th century, when, after a humiliating defeat in the Opium War, the Qing Court in China was forced in 1842, to sign the Treaty of Nanjing under which Hong Kong Island was ceded in perpetuity to the UK. At that time the British government was reluctant to take this literally unwanted island.(4) Eighteen years later, the Manchu armies were again defeated during the Arrow War. The British forced the Qing Court to sign the "Convention of Peking", under which the southern part of the Kowloon peninsula was ceded to the UK. However, there is no fresh water in Hong Kong island or in Kowloon harbour, and when the numbers of residents increased, drinking water had to be supplied from the mainland nearby. Therefore, Britons had further negotiations with the Manchus: on 1 July 1898 the New Territories (comprising 92% of the total land area of "Hong Kong" today) were leased to the UK for 99 years.

The CPC and KMT governments of China have consistently taken the view that the whole area of Hong Kong and the New Territories are Chinese territory. They made it clear that in principle they did not recognise the validity of what they regarded as the unequal treaties by which Britain acquired and administered these territories. In 1941, London acknowledged the assertion of the Chinese government that "after the War, all unequal treaties signed by the previous government - the Qing Court would be

abolished."(5) In March 1972, the PRC made its view on the status of Hongkong clear in a letter to the United Nations Special Committee. It stated that the settlement of the Hongkong issue was a matter of China's sovereign right and that Hongkong should not be included in the list of colonial territories covered by the Declaration on the Granting of Independence to Colonial Countries and Peoples.(6)

Since Hong Kong has always been the PRC's main channel to the rest of the world, the PRC government has hinted for many years that it would prefer to settle the issue by peaceful means, and hoped that when the PRC recovered the colony the status quo would be maintained. For instance, when Foreign minister Huang Hua met the Hongkong Governor Murray MacLehose in November 1979, he stated explicitly that the colony's status would not necessarily have to change when the lease expired in 1997.(7) But it was the British government which stated that "the confidence of the people of Hongkong and foreign investors would begin to erode in the 1980s, if nothing was done to alleviate the uncertainty caused by the 1997 deadline".(8)

In order to remove this uncertainty, negotiations between the PRC and Britain began in January 1982. When the Lord Privy Seal, Humphrey Atkins, visited Beijing, he confirmed the view of the UK government that discussions should be opened with China as soon as possible.(9) To speed up the preparation of the negotiations, the Prime Minister, Mrs. Thatcher, visited Beijing in Sept. 1982, and formally included the Hong Kong issue as one of the items in her discussions with Chinese leaders. At the end of her meeting with Deng Xiaoping the following joint statement was issued:

"Today the leaders of both countries held far-reaching talks in a friendly atmosphere on the future of Hong Kong. Both leaders made clear their respective positions on this subject. They agreed to enter into talks through diplomatic channels following the visit, with the common aim of maintaining the stability and prosperity of Hong Kong."
(10)

After the Prime Minister returned to London via Hong Kong, the first phase of talks followed.(11) Apart from an exchange of opinions on "the basis on which the talks should be conducted",no further breakthrough was achieved, that was because,at that time, both sides lacked confidence and understanding of the real intentions of their counterparts. Nevertheless, both sides agreed that the second phase of negotiations should be resumed in July 1983.

Before the negotiations started, the PRC was well aware that the UK government had few bargaining counters in the deal. As officials in Beijing often put it privately "the recovery of Hong Kong is merely a matter of a telephone call."(12) However, leaders in Beijing made a great display of their "good faith" in conducting the negotiations over Hong Kong in order to "take back the bird-cage without disturbing the birds".(13) The British government also did not intend to close the last chapter of its colonial history shabbily.Once the issue had been raised formally by Britain, the PRC government could no longer accept the right of a colonial administration after 1997; the British government, therefore proposed the following compromise:

"Both sides (should) discuss on a conditional basis what effective measures, other than continued British administration,might be devised to maintain the stability and prosperity of Hong Kong and explore further the Chinese ideas about the future, which

had at that stage been explained to them, in order to see whether, on this basis, arrangements which would ensure lasting stability and prosperity for Hong Kong could be constructed"(14)

The British delegates in Beijing then informed the PRC that if the above process was acceptable it would consider recommending to Parliament in London a bilateral agreement enshrining the arrangements. In response to this suggestion, the Chinese government put forward its ideas for maintaining Hong Kong as a Special Administrative Region after 1997.

The negotiations went more productively and smoothly in the second phase. By April 1984, the two sides had completed general discussions on the questions initiated. Not unexpectedly, a number of outstanding points remained for further talks, but it was clear by then that a possible agreement might be achieved. The Secretary for Foreign Affairs, Geoffrey Howe, went to Beijing to review the course of the talks with the Chinese leaders and more decisive measures were agreed. On 20 April 1984, Sir Geoffrey, stopping over in Hong Kong, stated that:

"It would not be realistic to think of an agreement that provided for continued British administration in Hong Kong after 1997: for that reason Her Majesty's Government has been examining with the Chinese Government how it might be possible to arrive at arrangements that would secure for Hong Kong after 1997 a high degree of autonomy under Chinese sovereignty, and that would preserve the way of life in Hong Kong, together with the essentials of the present systems."(15)

In Beijing a working group was established and intensive talks continued after Howe's announcement in Hong Kong. In August, both sides agreed on the general content of the documents which would set out arrangements for Hong Kong's future in a legally binding

form. By September 18, negotiators on both sides had approved the English and Chinese texts of the documents. And the texts were finalised on September 26.

Although the agreement was concerned with their future, the people of Hong Kong had not been formally consulted at any stage of the negotiations. The negotiations were conducted in a strictly confidential manner. The British government reiterated that the Executive Council and the Unofficial Members of the Executive and Legislative Council were fully informed during the talks, but the people of Hong Kong were gravely concerned and anxious to have knowledge of the talks which directly affected their future.⁽¹⁶⁾ Their lack of confidence was reflected in the collapse of the stock market in 1983-84.

Political leaders and the people of Taiwan also kept a close watch on the Sino-British negotiations and on developments in the territory. The process of the talks would be important for the KMT government on Taiwan, should it have to face its arch-rivals in Beijing at some point in the future. The people in Taiwan were also anxious to know what the Communists would really offer to the residents of Hong Kong. Under the new concept of One Country Two Systems, it was vital for the KMT and the people of Taiwan to look into: 1). the strategies and tactics which the British negotiators employed during the talks; 2). what they succeeded (or indeed failed) to achieve for the future maintenance in Hong Kong of the existing system. The next section dealing with the Sino-British Agreement and its provisions for a peaceful settlement, will explore these points.

B. THE SINO-BRITISH AGREEMENT AND ONE COUNTRY TWO SYSTEMS

The Joint Declaration was ratified on November 29 1984. China acknowledged that it agreed to exclude Hong Kong from the Chinese socialist structure. The future socio-political system of Hong Kong was clearly described in the agreement: the PRC will resume the exercise of sovereignty over Hong Kong, but, in effect, the territory will retain a high degree of autonomy for at least 50 years after the transfer is completed.(17)

The PRC's policy of One Country Two Systems with regard to Hong Kong was not specifically mentioned by name in the documents of the Declaration, nevertheless, it is clearly implied in the contents and in the procedure for the future management of the territory. In the Agreement the British negotiators rejected any mention of the term "One Country Two Systems", but they were encouraged by the fact that the PRC negotiators accepted, from the start, that Hong Kong should remain Capitalist.

The PRC negotiators, however, guided by Deng Xiaoping, firmly adhered to the principles that: 1) The concept of One Country Two Systems is a strategy for the settlement of the Hong Kong issue (perhaps later the Taiwan question as well). After reunification the one billion people on the mainland will follow the socialist system while the people in Hong Kong, Macao and Taiwan will continue their capitalist way of life. However, the capitalist ideology should not interfere with the socialist national constru-

ction; 2) The strategic policy of One Country Two Systems should not be regarded as a measure of expediency or a fraudulent scheme; 3) The concept should be demonstrated as a model for the peaceful settlement of international disputes.(18)

Many differing attitudes on both sides, revealed in many newspaper articles during the negotiations, were reconciled when the U.K. consented to renounce its sovereignty over Hong Kong after 1997, and when the tactical proposal of One Country Two systems was presented by the Beijing authorities.(19) It is essential to discuss details of the Agreement here, in order to understand the concepts of One Country Two Systems which underlie the contents of the Declaration. As the theoretical meanings have been examined in the previous chapter, only the ideas and concepts included in the Agreement will be discussed. Furthermore, one can treat the Agreement as the further development of the PRC's essential plan for peaceful unification, from Ye Jianying's Nine-Point peaceful initiatives towards Taiwan in 1981, to Deng's Six-Point Assurance regarding a Taiwan settlement in 1983.(20)

In the light of the Agreement, the PRC will establish, on the basis of the provisions of Article 31 of its Constitution, a Hong Kong Special Administrative Region. As already discussed, this clause of the PRC Constitution indicated that China could set up special administrative regions when necessary. The future SAR of Hong Kong will be finally authorised under the regulation of a Basic Law which will be enacted and promulgated by the National People's Congress. Apart from foreign and defence affairs, which will be the responsibility of the Central Government in Beijing,

the Hong Kong SAR shall be vested with executive, legislative and independent judicial power, including that of final adjudication. But the SAR would be permitted to conduct some external affairs with other countries, as mentioned in Section II of the Annex of the Declaration. (21)

The government and legislature of the Hong Kong SAR will be composed of local inhabitants, its chief executive to be selected by election or through consultations and appointed by the Central Government of Beijing. The members of the legislature will then be elected, but the method of election will depend upon the Basic Law.

As regards the current social and economic systems and also the lifestyle in Hong Kong, the PRC agreed to maintain the status quo. In other words, in its social-economic systems Hongkong will remain a capitalist society at least until 2047. To this end, the basic human rights and freedoms were carefully listed. Private property, ownership of enterprises, legitimate right of inheritance and foreign investment will also be protected by law. (22)

Furthermore the SAR will be allowed to retain the status of a free port, a separate customs territory and an international financial centre. The Hongkong markets for foreign exchange, gold, securities and futures will be maintained, and there will be free flow of capital. The Hongkong dollar will also continue to circulate and remain freely convertible. (23) In this way, the SAR will retain independent social, economic and financial power. The PRC will not only offer Hongkong exemption from taxes but will also permit it to keep mutually beneficial socio-economic relations with the UK and other countries.

Apart from displaying the national flag and the national emblem of the PRC, Hongkong will be allowed to use a regional flag and emblem of its own. The Joint Declaration stipulated that the SAR will use the official name of "Hong Kong, China".

Unlike the proposal for Taiwan, the PRC will send military forces to stay in Hong Kong to enforce its sovereignty. But the maintenance of public order in the SAR will be the responsibility of the Hong Kong SAR government. The People's Liberation Army should not interfere in the internal affairs, and the cost of the military forces will be borne by Beijing.

To avoid the potential problem of an exodus of mainlanders, and to protect the rights and freedoms of the inhabitants, the Hong Kong SAR government will retain its independent authority to handle immigration issues. But the government of Britain did not, at that time, clarify the status of those 3.5 million Hong Kong residents who hold British Passports. It was unclear whether they will be considered as having full UK citizenship. However, in December 1989, the British Government proposed that 50,000 of the elite (i.e., key position holders in public as well as in private sectors) with family be granted visas to reside in the UK after the deadline of 1997.(24)

The Joint Declaration not only outlines the post-1997 status of Hong Kong in terms of its political, social and economic structures, but also stipulates the relationship between the Hongkong SAR and the PRC in general. The Agreement reveals the particular character of the Hong Kong government under British rule during the 13 years transfer period. It also confirms that a strong UK

influence will be maintained in Hong Kong after 1997.(25)

When the public in Hong Kong were informed of the settlement, reactions were mixed. Some found the agreement much more detailed and more reassuring than they had expected, and the Declaration favourably fulfils the expectations of those Chinese leaders, who would like to maintain the stability and prosperity of Hongkong. The optimistic scenario presented to the Hong Kong residents together with propaganda from the Chinese media, have been woven into the day-to-day life of the people of Hong Kong and are reflected, to some extent, in the index of the Hong Kong Stock Market, and the resilience in the price of real estate.(26)

The successful negotiation of the Sino-British agreement on the issue of Hong Kong provided a great opportunity for the PRC to demonstrate that a peaceful solution of the Taiwan issue could be attainable. Beijing repeatedly portrayed the proposal of One Country Two Systems as the most important political idea ever created for the resolution of national reunification.(27) While, on the other hand, for the purpose of soothing the Hong Kong residents' psychological jitters, the policy of One Country Two Systems was also presented in another euphemistic Chinese phrase: "Hong Kong ruled by Hong Kong people" (Gang Ren Zhi Gang), a term too sensitive to be applied to Taiwan.(28)

Instant response from the KMT on Taiwan reads that "Although it (the Joint Declaration) may appear alluring and convincing, it displays, on the whole, much of the character of the policy of the so-called One Country Two Systems, as a slogan, and, therefore, there must be reservations as to whether it will be beneficial for the people of Hongkong".(29) The speaker of the ROC govern-

ment also reminded the world that "if Communist China is the angler, and the One Country Two Systems policy is the bait, then Hong Kong is the small shrimp and Taiwan the desperately-desired big fish." (30) Since the signing of the Agreement, the KMT and the people of Taiwan, by and large, have been sceptical about Beijing's assurances to the people of Hong Kong and about the likelihood of the promised prosperity in the UK colony.

Scholars who have studied the One Country Two Systems policy raise some delicate but important problems. They warn that the political idea of One Country Two Systems might not be as simple and neat as it sounds. For example, since 1984 scholars have continually pointed out that even if Hong Kong could be sustained as a SAR for 50 years after 1997, the problems would re-emerge in 2047, and question why "our generation" should create an obvious problem for the future ? (31) Furthermore, Hong Kong SAR will have its own chief executive, selected either by election or through local consultations, but Beijing will have the final say over the appointment; in other words, the Beijing government can veto any possible election result which it dislikes. (32) This will be in contradiction to the principle of "Hong Kong ruled by Hong Kong people".

In addition, Hong Kong SAR will remain a capitalist society, which by its nature is fundamentally incompatible with Communism. It is questionable whether One Country Two Systems could be the solution for accommodating two sets of extremely different social political and economic systems in one country. Qian Mu, an eminent scholar in Hong Kong, suggested: "Can Buddhists worship Buddha in a Mosque ?" The slogan of 'One Country Two Systems' is virtually

unrealistic and will never work." (33) Peter Harris also pointed out, immediately after the Declaration was published, "The term (One Country Two Systems) did not appear in the agreement, and is not discussed, not defined and not described." Harris added "I have spent two years reading and writing about it, and still do not understand the definite content of the policy." (34)

Harris has been teaching in Hong Kong for 20 years, and has studied over 40 countries, including Cyprus, Sri Lanka, Northern Ireland and Belgium etc., which have more than "one system" operating within a single sovereign state. "In no case is it satisfactory", he stressed "and in every case there are serious difficulties." (35) The Hong Kong case will not be an exception. "Suppose the PRC goes to war with Vietnam or with other countries would it permit Hong Kong to trade with them ?" (36) In Harris's opinion, the whole idea of One Country Two Systems is simply impractical.

However, there are some intellectuals in Hong Kong who prefer to adopt a wait-and-see attitude toward the feasibility of the policy. For example, Lao Siguang of the Chinese University of Hong Kong, commented that "to date (September 1984) the theory is only hypothetical, good for the imagination; whether it would work in real politics depends on the political orientation of the Chinese Communist movement as a whole. It might also depend on what Communist China really wants from promoting the theory; since the ultimate goal of advocating such a theory is not clear in itself, it is difficult even to talk about the 'success' or 'failure' of the theory." (37)

Indeed, the settlement over a historical issue, such as the case of Hong Kong, by peaceful means, is better than that of the Falkland Islands. The responses of the international community to the Sino-British Agreement reflected their interests. The U.S. and Japan are the two countries most closely related to Hong Kong in terms of trade and travel. During the period of the Sino-British negotiations both countries adopted a hands-off policy and proclaimed their confidence that the future of Hong Kong would be brighter than people feared. But the Nakasone government warned Japanese companies in Hong Kong "to look into the Hong Kong question beyond the 1997 deadline".(38) The US, however, applauded the peaceful settlement of the Hong Kong issue and was willing to "provide any assistance to maintain Hong Kong's appropriate participation in international bodies".(39) And President Reagan did remind the PRC that it would be improper to take the case of the Hong Kong resolution as the formulated model for the settlement of the Taiwan issue.(see chapter 6.)

C. THE MACAO SOLUTION AND ONE COUNTRY TWO SYSTEMS

By comparison with Hong Kong, the issue of Macao is of lesser significance and less worrying for the PRC. Macao consists of a peninsula and two tiny islands, totalling 16.2 square kilometres. A 2.5-kilometre-long bridge across the sea and a 2.2 kilometre highway connect these three land formations. The population of Macao is just short of half a million, with 97% of Chinese origin and 10,000 more of Portuguese descent.(40)

Before the mid 19th century, the number of Portuguese settled in Macao was rather small, mainly missionaries and merchants. Chinese officials were sent to govern the islands from Guangdong and to collect taxes. After the first Opium War, the Portuguese took advantage of the defeat of the Qing Court to remove the Chinese officials and put the whole area of Macao under their colonial rule. In December 1887, the Portuguese forced the Qing government to sign the Sino-Portuguese Beijing Treaty, specifying that the Portuguese "would administer Macao in perpetuity".(41) At the same time the treaty stipulated that when the two countries sent officials to negotiate and settle an agreement on the border, another treaty would be signed.(42) Because of the local people's violent efforts to protect the status quo, the demarcation of Macao has never been fixed, and no new treaty was produced.

During the World War II, Macao was occupied by the Japanese, and after the War, the Portuguese resumed their rule. In 1962, Lisbon announced a Portuguese decolonisation policy: all overseas colonial territories of Portugal would be granted either independence or a negotiated settlement with the countries concerned, should be concluded before 1970. Due to the political upheaval in China in the 1960s the PRC government declined to discuss the Macao issue.(43) The Portuguese government then declared Macao to be, like Hong Kong, a free port and pursued an open-door policy with the outside world. Foreign exchange is not controlled, the tax rate is low and interest is not taxed. People from Hongkong and European Community countries can enter and leave Macao freely without visas.

When the Sino-British Joint Declaration was signed in 1984, the Portuguese government advised the PRC that the Macao question should be settled as soon as possible.(44) Deng Xiaoping, the architect of the policy of One Country Two Systems, said, however that China's negotiations with the Portuguese should not be hurried. Deng's idea was to "let the Macao settlement be started in 3-4 years time, then the people of Hong Kong and Taiwan will be convinced that One Country Two Systems could be implemented not only in Hong Kong, but also elsewhere. In the meantime, the pace could be set for the solution of the Taiwan issue, i.e., in 3-4 years, after the settlement of the Macao issue".(45) Although practical relations between Taiwan and Macao are limited, the significance of the Macao solution for the Taiwan issue is, however, extremely important. China took the opportunity of once again demonstrating that One Country Two Systems will work for national reunification and the easing of their internal disputes.

Under Deng's guideline on when the problem of Macao should be solved, the Sino-Portuguese negotiations on Macao did not start until November 1986. As the model for the future structure had been established in the earlier Hong Kong Agreement, the negotiations went more smoothly than had been expected and, in March 1987, a Joint Declaration - another example of the solution of an international and historical dispute through One Country, Two Systems - was signed by China and Portugal. The conclusion of the Sino-Portuguese Joint Declaration confirmed that the PRC would resume the exercise of sovereignty over Macao with effect from December 20, 1999.(46)

Unlike the Sino-British negotiations over Hong Kong in which

the British Foreign Office explicitly declined to include the term "One Country Two Systems" in the legal documents, the Portuguese negotiators accepted the statement "the Government of the PRC declares that in line with the principle of 'One Country Two Systems', the PRC will pursue the following basic policies regarding Macao....".(47) Obviously, the wording of the agreement was recognised by the PRC leaders as a great achievement, demonstrating that "the problems of national reunification have once again been solved by way of the imaginative political theory of One Country Two Systems".(48)

As with the Hong Kong Agreement, in accordance with the provisions of Article 31 of the PRC Constitution, the Chinese government will establish a Macao Special Administrative Region after the territories are returned to China. The Macao SAR will be directly under the authority of the PRC, but will enjoy a high degree of autonomy. Apart from foreign and defence affairs the PRC central government will allow the Macao SAR to have executive, legislative and independent judicial power, including that of final adjudication.(49) Above all, the principle of maintaining Macao as a SAR is identical with the Sino-British Agreement on Hong Kong.

There is an important difference in content between the Sino-British Agreement on Hong Kong and the Sino-Portuguese Joint Declaration on Macao. According to the memorandum on Macao, the Lisbon government will allow all the Macao inhabitants who hold colonial passports to retain their Portuguese citizenship and right to travel to Portugal (and, indeed, to travel all other EC countries), after 1999, whereas the U.K. policy towards Hong Kong

immigrants, was, as mentioned, rather cautious and selective.

**D. PROBLEMS OF THE HONG KONG ISSUE AND CHINA - Is
"One Country Two Systems" Practicable ?**

For well over a century, except during the years of Japanese occupation, the British colonial powers in Hong Kong have maintained a rather stable institutional framework for the conduct of government, business and the operation of the rule of law. Some Chinese in Hong Kong have shown resentment at the stigma of colonial status. However, they will find that it is far easier to exercise civil liberties and personal freedoms in the political stability of Hong Kong under British government, than it will be when they are governed by the "Uncle from Beijing" (Biaoshu).⁽⁵⁰⁾ The political awakening of the inhabitants of Hong Kong, who usually reserve their deepest passion for business, not politics, has drastically changed the political prospects since the Sino-British Agreement was made in 1984. Hong Kong people are becoming concerned and they understand that it is time for them, not only to talk about the meaning of "Gang Ren Zhi Gang" (Hong Kong ruled by Hong Kong people.) but also to work out the possibilities for "Gang Ren Jiu Gang" (Hong Kong people rescues Hong Kong.).⁽⁵¹⁾

From Beijing's point of view, it would seem inevitable that a bold, yet immensely complex policy like One Country Two Systems will have problems and meet with obstructions. Although the actual implementation will not begin until 1997, developments that have occurred in Hong Kong since the publication of the Sino-British Statement have already revealed some of the policy's draw

backs. Because of the contradictory nature of the two systems, and the possibility for the larger (China) to overwhelm the smaller (HongKong) and in view of the transitional character of One Country Two Systems, innumerable potential problems are exposed.(52) Here one could examine the most obvious issues; the transfer of sovereignty; the political democratisation; the implementation of legal systems; and the inequality of the two sides.It is important to examine these problems in order to judge whether the One Country Two Systems policy will be functionable.

When the Beijing government confirmed that the PRC will resume sovereignty over Hong Kong on 1st July 1997, its officers working in Hong Kong had to confront other more substantial and practical problems. Xu Jiatusun, the then Director of the Xinhua News Agency in Hong Kong, indicated in September 1984 that "from now until 1997, our main task is to ensure the smooth transaction of Hong Kong affairs..... to do that we should maintain the confidence of Hong Kong people towards their future and eliminate the anxieties of the so-called uncertainty....."(53) The fears and uncertainty in Hong Kong are caused mainly by the following factors: 1) Antagonism and conflict between the socialist and capitalist systems will be inevitable, since they are diametrically incompatible systems. 2) Since socialism is the dominant form in the mainland and the capitalist system exists in a small area, it is possible that under certain circumstances, the areas that are currently practising capitalism will be forced to follow socialism. 3) Since Beijing's Constitution is of a socialist nature, it probably will not be able to provide an adequate legal basis for the existence of capitalism. 4) Since Hong Kong has been clearly stipulated as

part of China, Beijing may let a large number of people into the territory, thus creating a heavy social burden on its population. (54)

The above problems have gravely concerned the Hongkong people and the colonial government. Although the Sino-British Joint Declaration over Hongkong is an international agreement and has been recorded in the UN, it is still possible that the conditions of One Country Two Systems will be retracted by Communist China. The Hong Kong inhabitants can only hope that the "Basic Law For the SAR" will protect their promised rights. (55) The Basic Law, also known as the "Miniconstitution", will become the basic guideline for Hong Kong's relations with China in the post-1997 period. In the past six years, the Basic Law Draft Committee has been working hard to produce the first and second drafts of the Miniconstitution. (56) Beijing insists that it should exercise the legislative and interpretative powers of this law, and that under it, Hong Kong would not become an independent political entity. More importantly, the Chinese officers have pointed out that Hong Kong would never be allowed to become a base to accommodate anti-revolutionary activists attempting to sabotage China's socialist construction. (57) With so many preconditions set by Beijing, the Draft of the Basic Law was satisfactory neither to the Hong Kong people in general, nor to the British colonial incumbents.

From the local people's points of view, the quintessence of the problem of the transfer of the Sovereignty of Hong Kong to China, lies, not in the formalities of Sino-British diplomatic procedure, but rather in the uncertainty as to whether the PRC will honour its words. Despite the PRC has a good record for not

breaking its international agreements, the Basic Law of the Hong Kong SAR will, after all, be an intranational commitment towards a small section of the people of a sovereign state. The PRC has a particularly poor reputation in terms of keeping its word domestically. Some have therefore predicted that China will be unable to implement the promises, even if it were to try.(58)

With regard to the future political system of Hong Kong SAR, Chinese officials responsible for Hong Kong affairs have explained that China would prefer to see only minimal changes to the existing system. This position is quite different from what they promised during the Sino-British negotiations, when autonomy and self-administration were emphasised. For the last six years, the indications from Beijing have been that a strong executive would be favoured. The demand for a democratic political structure was regarded as subverting the Chinese central government. In other words, the appointment of the chief executive by the Central Government in Beijing, as stipulated in the Sino-British Joint Declaration, will be the reality, and the selection of the chief executive by election or through consultations will be only a symbolic formality.(59)

It is clear that Beijing is pursuing an "executive dominant system" in which the chief executive will have similar powers to those of the present British governor, and the functions of the elected legislature will be limited. For instance, the first Draft of the Basic Law deliberately avoided mentioning the issue of the election of the legislature and the chief executive. Furthermore, the then Deputy Secretary General of the Basic Law Drafting Committee, Lu Ping, indicated that "the Chinese govern-

ment may form a committee under the Standing Committee of the NPC, consisting mainly of Chinese officials and Hong Kong community leaders, who would help establish the first Hong Kong SAR government. The Committee, like the Basic Law Drafting Committee, would be headed by a State Councillor from Beijing and would most likely be set up by about 1996. The committee would then arrange for the selection of the first chief executive." (60) Lu Ping also pointed out that "the existing Legislative Council in Hong Kong would not automatically become the provincial legislature of the Hong Kong SAR on July 1st 1997." (61) The central government, will thus be able to retain ultimate control over Hong Kong.

Since the Sino-British Joint Declaration was completed, the PRC stepped up its activities in Hong Kong, seeking to establish dominant political influence. It began publicly building its community networks and expanding its political control, following the setting up of the Headquarters of the New China News Agency and three district branches in Kowloon, Victoria Harbour and the New Territories. It has also been supporting the pro-Beijing political groups which campaigned to block the introduction of direct elections to the Legislative Council in 1988. But the PRC has not succeeded in gaining the cooperation of small businessmen, professionals, fledgeling politicians and community leaders. These people, who mainly belong to the middle class and the intelligentsia, are apprehensive about the expanding Chinese communist influence in Hong Kong. (62) They consider that what Beijing is doing is shifting from its promise of "Gang Ren Zhi Gang" to "Dang Ren Zhi Gang" - changing the policy from Self-administration to that of Party rule. (63)

The PRC leaders' sincerity in wishing to maintain Hongkong's stability and prosperity is beyond doubt. However, a smooth transfer of sovereignty and political democratisation are vital for ensuring the fulfilment of the "One Country Two Systems" policy. Peaceful transfer of sovereignty over Hong Kong to China effected by Beijing and London will be a pre-requisite for the elaboration of the policy of One Country Two Systems. Without political democratisation in Hongkong the ideas of One Country Two Systems will become empty words, because the retention of the two systems, of the socialist and capitalist socio-economic structures, is the essence of the policy. Nevertheless, Beijing's interpretations of the agreement in the past few years, have been proving very different from what Hong Kong and Britain expected. Promises to maintain horse-racing, the casinos, lotteries and night-clubs can not be all that One Country two Systems means. (64)

The third problem which Beijing needs to tackle is how to operate the two legal systems, as the present system is to be allowed to continue in Hong Kong. The British legal system has been a factor of vital importance in maintaining the stability and prosperity of Hong Kong for a long period. Those who are familiar with Hong Kong affairs would agree that a sound legal system is the basis for the high level of freedom which people there enjoy. The Sino-British Joint Statement declared that the Hongkong SAR will have the right to an independent legislature and judicature. Its existing legal system will remain unaltered. The Annex of the Statement further elucidates: "After the SAR is established, Hong Kong's present legal code, including the Common Law, Equity, Statute Law and Customary Law will be retained in its entirety with the exception of laws which conflict with the

'Basic Law' and those laws which have been rescinded by Hong Kong SAR's legislature".(65) So China will have two legal systems operating within its borders after 1997. The legal organisations of the mainland have created a body of statute law based on the principles of the constitution, and all its laws have to be drafted and promulgated by legislative or paralegislative organs in accordance with statutory procedure. Hong Kong's code of written and unwritten laws have, on the contrary, been modelled on British Common Law systems and this body of laws will be contained in the Basic Law framework that will have to coexist with the mainland's legal system after 1997.

With the different laws of mainland China and Hong Kong operating side by side, not only will their dissimilarities be revealed, but also the good and bad points of each system will be brought into high relief by their proximity. Furthermore, the laws of the PRC are not sufficiently independent of interference from the administration or even the party.(66) For the People in Hong Kong, however, accustomed to solving disputes through law, it would be intolerable that justice should eventually come from party decisions by the CPC or that it should be based upon the criteria of patriotism. The problem is, that the relationship between the mainland's central government and that of the Hong Kong SAR is to be one between ruler and ruled. The difficulties inherent in this are bound to have serious repercussions. Undoubtedly, there are great divergences in the type of legal language they use, the methods, the legal philosophy and the remuneration and social status of their lawyers. It would be no problem if the relationship between them were to be analogous to foreign relations, but

it will not be easy for them to operate together in the same sphere from such different back-grounds.(67)

The fourth difficulty of implementing One Country Two Systems is the inequality between socialist and capitalist societies. Amongst the 5.5 million population in Hong Kong, about 42% are refugees who fled from the mainland to Hongkong.(68) Most of the Hong Kong residents are aware of the harshness of life under the CPC rule. They have repeatedly stressed their fear that Chinese leaders in Beijing might demand that the Hongkong SAR give up its special rights - the "Two systems", and as in previous cases, such as Shanghai in the early 1950s or Tibet in the 1960s, submit to becoming a part of the Socialist family.(69) Demands for Hong Kong to give up its special rights would be understandable. But for people who have lived in a Western free society and who are familiar with democratic freedom, these so-called special rights are mainly seen as human rights. Human rights are not so easy to give up.

The last, but not least, problem - the most extraordinary change in the Hongkong/China relations - resulted from the events of June 1989. Hong Kong residents were baffled by the motives of the Chinese leaders who ordered soldiers to massacre indiscriminately hundreds, perhaps thousands, of unarmed civilian protesters in Beijing. It was undoubtedly one of the worst atrocities within living memory. In response to this incident, the people of Hong Kong displayed grief, anger and anxiety. Up to a million people in Hong Kong went on to the streets to protest against the military brutality and to demand specific guarantees of their promised political rights and future safety. The government in

London responded promptly to demand that the final draft of the Basic Law to be reviewed, particularly with regard to the conditions under which the PLA was to be stationed in Hong Kong.(70) Beijing's position vis a vis Hong Kong, after the demonstrators were slain, was unquestionably delicate. The new party General Secretary, Jiang Zemin, who replaced Zhao Ziyang, tried to placate the local people repeatedly declaring that the planned policy of One Country Two Systems would be upheld, whatever happened on the mainland. Jiang tried to convince people living in hong Kong, Macao and Taiwan by stressing that "as old Chinese proverb says, the water in the river would never mix with that in the well; Our Socialist system on the mainland will never encompass our compatriots living in the capitalist society".(71) On the other hand, Beijing's hard-line leaders warned that China would not tolerate Hong Kong and Macao becoming bases for anti-Communism or refuges for anti-government ruffians. The expectations of Hong Kong people regarding the fulfilment of One Country Two Systems, have, therefore, been further blighted.

E. THE HONG KONG - MACAO MODEL AND THE TAIWAN ISSUE

Over the past ten years or so, the picture of One Country Two Systems in the Chinese Constitution, has been continuously supplemented by more concrete plans for the policy in the official press, in party statements and documents, and in the words of government spokesmen.(72) A rough sketch of the future Beijing envisages for the projected Taiwan SAR can be assembled from the

1979 New Year Message, Ye Jianying's Nine-Point Proposal in 1981 and Deng Xiaoping's Six-Point Assurance in June 1983. The PRC has made clear that it would prefer two party negotiations between the KMT and CPC over the reunification with Taiwan. But practical internal-external political situations proved to be an impassable barrier for the KMT in attempting peaceful negotiations with the CPC without the consent of the local Taiwanese majority.(73) In terms of the contents of the policy of One Country Two Systems, as mentioned in the previous chapters and the above sections of this chapter, it seems that the PRC has been trying to be generous and broad-minded. However it is still difficult for the Hong Kong settlement to be a model for Taiwan to follow.

Although the promises made for the SARs are unexpectedly liberal, as has been seen, people in Hong Kong are still worried that there are insufficient practical guarantees. The official reaction of the KMT authorities towards the policy of One Country Two Systems is always negative. In response to the PRC's overture, the KMT proposed the "Three Noes Policy", and denigrated the policy of One Country Two Systems as "empty words without basis in fact", "bait disguised to lure us on to the hook", and "deadly poison disguised with sugar coating".(74) Evidently One Country Two Systems still has to overcome major difficulties before it can be acceptable to all concerned. (Substantial repercussions of the policy of One Country Two Systems in Taiwan will be discussed in detail in chapter 7.)

The reasons why the Hong Kong Model can hardly be applied or copied in Taiwan can be briefly summarised as follows: Taiwan is significantly different from Hong Kong and Macao in a variety of

respects. It is substantially larger than Hong Kong and Macao, and possesses all the necessary conditions for independent nationhood. Although its economy relies heavily on foreign trade, it does not, as Hong Kong does, depend on China for its water and food supplies. Colonial rule in Taiwan ended more than four decades ago, and it has actually become an independent political entity since 1949. The KMT regime which has been ruling Taiwan, was, in fact, established even before the CPC was founded, and for years, the CPC was subordinate to it. The subsequent struggle for predominance between the CPC and the KMT has been going on for over half a century, and the KMT leaders still see the CPC as their arch-enemy. The Taiwan/China political and historical background is vastly different from the relationship of Hong Kong and China.

Geographically, Taiwan is separated from the mainland by the broad expanse of the 110 mile Taiwan Straits. Most Taiwanese have still never set foot on the mainland and most do not claim a "place of origin" there, while all Taiwanese citizens have been subjected to anti-Communist propaganda. Unlike Hong Kong, Taiwan has its own conflicts between local Taiwanese and mainlanders, and between members of the KMT and those outside it. This conflict has extended to the United States, Japan and Europe where a long-term campaign for the independence for Taiwan is still being sustained by many Taiwanese students and their sympathisers.

At present, Taiwan only has formal diplomatic relations with 29 countries, but has substantial economic and cultural contacts with further 140 countries or areas.(75) There are over 450,000 crack troops in Taiwan, armed directly from US supplies. The long-

standing protective stance of the US towards Taiwan has remained more or less unchanged.

Although the CPC leaders do not accord sufficient recognition to the great differences between Taiwan and Hong Kong, they are clearly aware of the main points of dissimilarity. For this reason, the PRC's proposal for steps to peaceful reunification with Taiwan such as "San Tong Si Liu" (Contacts and Exchanges) and "Dui Den Tan Pan" (reciprocal discussions.) were added to the appeal of "Gong Shang Guo Shi" (Having a say in the governing of the nation). Decision-makers in the CPC, nevertheless, believe that the Hong Kong-Macao Model will provide the basic pattern for re-unifying Taiwan and the mainland.

In the past several years, a number of incidents have highlighted some of the problems which would emerge if the Hong Kong Model were applied unchanged to Taiwan. For instance, in March 1985, Li Xiannian, the then Chairman of the People's Republic of China, publicly declared that after reunification Taiwan could retain its party, government, and army as well as secret police personnel.(76) But subsequently the revelations of links between the head of the secret police in Taipei and the criminal underworld, emerged during the investigations into the murder of Henry Liu, a critic of the KMT government and President Chiang Ching-kuo. Li's reaffirmation of the mainland's willingness to allow the KMT to retain its secret police forces came in the middle of the furore over the case, and was particularly repugnant to the local Taiwanese.

The other incident was caused by the bi-monthly magazine "Voice of Taiwan", a periodical published by Beijing's Taiwanese

Association. In July 1986, an article entitled "One Country Two Systems or Let the Taiwanese rule Taiwan?" was printed, but later recalled by the Beijing authorities. The article censured the KMT refugees defeated by the Chinese people, who have subjected the Taiwanese to four decades of martial law. It argued that in practice, under the One Country Two Systems policy, the Taiwanese would inevitably rule Taiwan. Hence, the status of the Taiwanese should not be lower than that of the residents of Hong Kong, who had been promised "Gang Ren Zhi Gang" (Hong Kong people rule Hong Kong). (77)

Taken at face value, the above incidents seem to show that the CPC's strategy towards Taiwan is rather undetermined as yet, and that approaches so far have met with resistance from all sides. If, on the one hand, they allow Taipei to keep its secret police, thus reassuring the KMT, they risk incurring the animosity of the Taiwanese, who had once lived in fear of Chiang Kai-shek's military rule. While, on the other hand, letting the Taiwanese rule Taiwan would certainly alienate the KMT. The CPC seems to be caught in a dilemma. When this question was put to Chairman Yang Shangkun in an exclusive interview, in August, 1988, he carefully replied "China has no intention of squeezing out any ethnic subgroup from future talks with regard to reunification". (78) However, in reality, the PRC has initiated some substantial secret contacts with the second generation elite of the "mainlanders" in order to enhance and assure their influence on Taiwan affairs. On the issue of unification, the Chinese leaders clearly comprehend that the Taiwanese are less enthusiastic than the so-called "mainlanders". (79)

It is also important to point out that the Hongkong issue and the Taiwan problem are handled by different organisations in the PRC, which suggests that it has evaluated them very differently, although it is Deng Xiaoping who continues to make the final decisions in their regard.(80)The structure of the administrative system and the utilisation of personnel resources employed on the above-mentioned areas are critically disproportionate. Hong Kong is directly under the administrative supervision of the Hong Kong-Macao Affairs Office of the State Council, the Taiwan issue, however, is dealt with by the "Taiwan Unit" which is composed of members of the Politburo, the Central Military Committee and the State Council, co-ordinated by Yang Shangkun, who is directly responsible to Deng Xiaoping. In the past ten years, Departments of the Central government, Provincial, district, and County governments, have established more than six thousand branches of the Taiwan Affair Offices, the Taiwanese Associations, the Taiwan Compatriots Welfare Liaisons Groups and the "Reunification with Taiwan Promoting Associations".(81) More than 100.000 full-time personnel (excluding military and public security sections, the actual figures of which are kept in secret.) are now working for "the beloved Compatriots of Taiwan", compared with less than 1000 workers in Beijing, Guangdong and Hong Kong concerned with the people of Hong Kong.(82) Obviously, the PRC has been accelerating the pace for Taiwan reunification.

Although the PRC leaders repeatedly claimed that the policy of One Country Two Systems is a long-term strategy for China's reunification, by and large, people both in Taiwan and in Hong Kong, however, believe that it is no more than a stratagem, which may change their way of life drastically or may, on the other

hand, preserve the present systems for at least 50 years as they have been promised. As a stratagem it obviously has its strong and weak points, and these should be clearly recognised and dealt with skilfully and in good time.

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9. Ibid.
10. The joint statement made by Beijing and London after talks between Deng Xiaoping and M. Thatcher, on Sept. 24, 1982. There were initial differences and disagreements over the legal validity of the three treaties.

11. The British deligate was led by the UK Ambassador to the PRC, and the Chinese party was headed by a vice-foreign minister.
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16. Tina Lin, "No Light At End of This Tunnel, Unless Hong Kong People Speak Out Now" Sindao Daily, June 2, 1984. The article was reprinted in Free China Journal, [hereafter FCJ], June 29. P.3.
17. See "Joint Declaration of the Government of the U.K. and Government of the PRC on the Question of Hong Kong", Sino-British Agreement, P. 13.
18. Deng Xiaoping, Jianshe You Zhongguo Tese Di Shehui Zhuyi, [Collections on Building a Characteristic Socialist China] [Hereafter: Collections], Renmin Publication, Beijing, 1984, PP. 29-32, & 40-41. See also Huan Xiang, "On the Policy of One Country Two Systems", [Lun Yiguo Liangzhi], Materials for Studies and References, [Xuexi Cankao Ziliao], China Democratic Alliance, Fujian Branch, [Zhongguo Minzhu Tongmeng Fujian Shengweihui], Aug. 1986, P.12.
19. "British Conceding Hong Kong", Editorial Commentary, Xianggang Shibao, [Hongkong Times Daily], Aug.2, 1984, P.5.
20. See chapter 4, Section D.
21. Sino-British Agreement, PP.11-13 & 14-25.
22. Ibid. P.12
23. Ibid.
24. Chingyun Yang, "Zai London Kan Ganren Juying Quan", [A View From London of The Issue of the Immigration of People from Hong Kong], The Nineties, [Jiushi Niandai], Hereafter: JSND, No. 244, May 1990. PP. 98-99.
25. See the Annexes and Memorandum of the Sino-Gritish Agreement. Op.cit, PP.14-33.
26. " Special Report - Economy, Society and Politics In Hong Kong: Six Months After the Sino-British Agreement was Signed", JSND, No. 183, April 1985, PP. 45-49. Also Gary H.T. Sheuh, "Mainland China Reassures, Hong Kong Still Sceptical", Mingbao, Hong Kong, Sept. 30, 1985 translated into English by FCJ, Oct. 18, P.3.
27. Deng Xiaoping, "Zai Zhongyang Guwen Weiyuanhui Di San Ci Quanti Huiyi Shang De Jianghua", [Speech at the 3rd Conference of the Central Political Advisory Committee], Renmin Ribao, Oct.22,

1984.

28. "Why the Chinese Government Does Not Support the Term 'Taiwan ruled by Taiwanese'", see Da Taiwan Tongbao Wen] Shishi Press, [The Answers to Questions From Taiwan Compatriots], Beijing, 1986 PP. 28-29. See also this Chapter Section E.

29. King-yuh Chang, Director of the Government Information Office of the KMT government, responded to the Sino-British Agreement. Free China Post, Sept. 28, 1984. The same version was repeated at Chang's presentation at Mass Communications Research Institute in Tokyo on Nov. 11, 1984. See Chang's article: "Which Way Hong Kong Under the Communists?", FCJ, Jan. 14, & 21, PP. 3. & 4.

30. Yu-ming Shaw, "Zhonghua Mingou Shi Deng Xiaoping De Yiguo Liangzhi Zhi Zhenzheng Mubiao", [The ROC Is the Real Target of Deng Xiaoping's Ploy of the So-Called One Country Two Systems], Zhongqiang Ribao, December 25, 1986.

31. "Five Scholars' Debates On 'One Country Two Systems'", JSND, No. 178, Nov. 1984, P.43.

32. Ibid. PP.43-45.

33. Zhongqguo Shibao, [China Times], Taipei, Oct. 27, 1985.

34. Hamilton Huang, "Slogans Confuse HongKong Issue", Hong Kong's 1997 Challenge, Articles Collection by FCJ, Taipei, 1987. P. 46.

35. Ibid.

36. ibid. P.47.

37. Zhongqguo Shibao, [China Times], Taipei, march 3, 1985.

38. Asahi Shimbun, Tokyo, Sept. 27, 1984.

39. Daniel Dong, "America's Interest In Hong Kong", FCJ, June 17, 1984.

40. During the Ming Dynasty, Macao belonged to Xiangshan County of Guangdong Province. Legend has it that when the Portuguese landed near the Magog Temple on Macao in 1553 they misread Magog as Macao: thereafter the Portuguese called the port Macao. "A Brief Account of Macao", [Aomen Jianjie], Renmin Ribao, International Edition, March 27, 1987.

41. Ibid.

42. Ibid.

43. In 1966-67, Macao succumbed to the Red Guards. The Cultural Revolution had a strong impact on the colony. Lisbon informed Beijing twice that the Portuguese government would like to settle the Macao issue before the 1970 deadline. The PRC, however, did not show interest in taking back the colony until the future of Hong Kong had been settled.

44. "A Background to the Sino-Portuguese Negotiations Over the Issue of Macao", [Zhongpu Dui Aomen Wenti Tanpan De Beijing], Macao Daily, [Aomen Ribao], March 25, 1987.
45. Ibid.
46. "Documents: Sino-Portuguese Joint Declaration On The Question of Macao" [Hereafter Sino-Portuguese Declaration], Beijing Review Foreign Affairs Press, Beijing, March 28, 1987.
47. Ibid.
48. See Zhao Ziyang's speech at the ceremony of the signing of the Sino-Portuguese Agreement, Renmin Ribao, International Edition, April 14, 1987.
49. Sino-Portuguese Declaration, PP. 2-3.
50. The term of "Biaoshu" (Auntie's Brother-in-law) originated in the 1930s, when the Communists were forced to stay underground in the areas under Chiang Kaishek rule. It applied to strangers who falsely identified themselves as someone's relatives in order to seek protection from political persecution. But Hong Kong people, ironically, apply the term "Biaoshu" to the then oppressed Communists, now become persecutors, who will come to rule Hong Kong.
51. He Li, "Should the Hong Kong People be alarmed by Beijing's intimidations?" [Zhongfang Weihe, Gangren Weisuo?] JSND, No.236 Sept. 1989, PP.44-45.
52. The details of the characters of One Country Two Systems see chapter 4, Section C.
53. Wenhuibao [Wenhui Daily], Hong Kong, Jan. 11, 1984.
54. Wong Songran, "On the Embryonic Forms of One Country, Two Systems", JSND, No. 191, Dec. 1985, PP.36-37.
55. Ibid. P.39.
56. The final draft of "The Basic Law of the Hong Kong Special Administrative Region of the PRC" was completed on April 2, 1990, China Daily, April 5. 1990.
57. Deng Xiaoping told visitors from Hong Kong that "there is a problem of guideline and criteria for 'Hong Kong ruled by the Hong Kong People'; that it should be governed by patriotic Hong Kong people. The main component of the future Hong Kong government (after 1997) should rely on those patriots..." See Deng Xiaoping, Collections, P.32.
58. See Peter Harris, Note 35.
59. Joseph Y. S. Cheng, "Hong Kong: The Decline of Political Expectations and Confidence", The Australian Journal of Chinese Affairs, 1988, PP. 260-64.
60. Ibid. P. 262.

61. South China Morning Post, 7, Oct. 10887. The PRC leaders in charge of Hong Kong affairs have repeatedly denounced the so-called "Tripod of Consents", and claimed "democratisation" in Hong Kong should not be the excuse hindering Chinese authority from prevailing in Hong Kong during the period of transition and after 1997. Instead, the idea of a so-called "Through Train" was favoured by Beijing.
62. Joseph Y. S. Cheng, Op.cit., P.263.
63. Wong Songran, Op.cit., P.38.
64. Jingru Zhang, "Hong Kong's 1997 Syndrome", Sinorama Monthly, [Guanghua Yuekan], Taipei, June, 1987, P. 82.
65. Sino-British Agreement, P. 11. and P. 15.
66. The 2nd Clause of the 33rd Article of the Constitution states "Citizens of the PRC are all equal before the law", This dictum is taken as the fundamental principle underlying the rule of law in all modern nations. In China, however, the achievement of equality is one of the main aims of the political system. The law therefore, becomes the tool of politics.
67. Wong Songran, Op.cit., P.37.
68. Hong Kong, 1986, Hong Kong Government, P. 224.
69. Chen Zhihui, "Should Hong Kong Be Another Shanghai ?", Xiang-gan Shibao, (Hong Kong Times), Hong Kong, Oct. 1, 1986, P.5.
70. The Guardian, June 6, 1989; see also the FEER, June 22 1989, PP. 12-13.
71. South China Morning Post, Hong Kong, june 12, 1989.
72. See Deng Xiaoping, Collections; See also Wei Taiwan Guihui Zuguo Shixian Guojia Tongyi Er Nuli [Working Hard to fulfil the Aim of Taiwan Reunification with the Motherland], Beijing Press, Vol. 1, 2.& 3.
73. Chen-zhi Lin, "Taiwan's Proposal For a United and Democratic China: Special Edition for China-Taiwan Relations", Taiwan And The World, [Taiwan Yu Shijie], No.20, April 1985, P.8.
74. Shaw Yu-ming, "To Explore the Chinese Communists' Tactics of United Fronts", Zhongyang Ribao, December 26, 1988.
75. Republic of China 1988, A Reference Book, 1988, PP. 525-533.
76. Renmin Ribao, March 18, 1985. See also Zhou Li, "The Third Taiwan Bureau" [Disanci Taiwan Chu], Taiwan and the World, No. 20, April 1985, PP.10-11.
77. Zeng Yi, "One Country Two Systems Or the people of Taiwan rule Taiwan ?", [Yiguo Liangzhi Haishi Tairen Zhitai ?], Voice of Taiwan [Tai Sheng], Beijing, No.13, Jan. 1985.

78. Author's interview with Chairman Yang Shangkun in Beijing on August 9, 1988.

79. Huang Guangguo, " A Social Psychological Analysis of 'The Taiwanese Complex' and 'The Chinese Complex'", [Taiwan jie He Zhongguo Jie De Shehui Xinli Fenxi], The Fate of Taiwan and the Future of China, [Taiwan Minyun Zhongguo Jie], (ed.) by Yang Chingchu, Taipei, 1987, PP. 123-133.

80. Although Deng Xiaoping "completely" retired after he left his last position as Chairman of the PRC's Military Committee in Aug. 1989, reliable information confirms that this 'ordinary citizen' still concerns himself with the problems of national unity.

81. Zengqong Dui Woquo Zhengci Fengxi, [An Analysis of the CPC's policy towards the ROC], National Security Bureau, Taipei, Sec. 3, 1889, P. 36. See also the same report of the Charter of the PRC's administrative organisations for the Taiwan Affairs P. 52.

82. Material and Information for Reference, The Hong Kong & Macao Affairs Units, Executive Yuan, Taipei, 1989, Bulletin Sec. 2, Annex II. P. 245.

CHAPTER 6 : THE UNITED STATES AND ONE COUNTRY TWO SYSTEMS IN THE 1980S

"..... There is one obstacle in Sino-US relations, that is the Taiwan question, or the question of China's reunification of the two sides of the Taiwan Straits. There has been talk in the United States to the effect that the United States has taken an attitude of "non-involvement" on the question of China's reunification. But this is not true. The fact is that the United States has all along been involved. In the 1950s, MacArthur and Dulles regarded Taiwan as an unsinkable aircraft carrier of the United States in Asia and the Pacific..... The Taiwan question has been the most important issue in the negotiations on the establishment of Sino-US diplomatic relations, and it is still the greatest obstacle to improving relations between our two countries today."(1)

..... Deng Xiaoping, 1986

"..... The principles of one China and a peaceful resolution of the Taiwan question remain at the core of our China policy. While our policy has been constant, the situation itself has not and can not remain static. We support a continuing evolutionary process toward a peaceful resolution of the Taiwan issue. The peace, however, will be determined by the Chinese on either side of the Taiwan Strait, and free of outside pressure..... For our part, we have welcomed developments, including indirect trade and increasing human interchange, which have contributed to a relaxation of tensions in the Taiwan Strait. Our steadfast policy seeks to foster an environment within which such developments can continue to take place....."(2)

..... George Shultz, 1987

As we have seen, the 1970s was substantially a period of reconciliation in Sino-US relations. Starting from the early 1980s, however, the relations between the two powers have experienced a series of high hope and great disappointment. Having contemplated China's reunification, following the normalisation with the US, Beijing anticipated that Washington would finally step aside from

blocking the reunification of Taiwan with the mainland: in particular, the US government has openly praised the One Country Two Systems proposal. But, the PRC was frustrated by such issues as Reagan's campaign speeches, the arms sales to Taiwan, the TRA, the change in the US view of China's role, from a global strategic key player to that of an East Asian regional power, and above all, US unwearrying commitment to the security of the people of Taiwan. On the other hand, Washington was first pleased to see the PRC economic reform and its improvement of relations with the Western Bloc, which started in the late 1970s. From the American point of view, Beijing's open door policy, and its softened attitude towards Taiwan by means of the One Country Two Systems proposal, could eventually enhance the regional stability of East Asia. However, the political upheaval inside the PRC, which resulted in blood-shed at Tiananmen, have not only disappointed the US, but their relations tumbled to the lowest point since Nixon's visit to China. How far have US-China relations in the 1980s affected Beijing's policy of national reunification? And what is the significance of the One Country Two Systems policy in the two powers' bilateral relations? These problems will be dealt with in this chapter.

A. THE TAIWAN ISSUE AND THE U.S. STRATEGIC ASSOCIATION WITH THE PRC 1980 - 82

After the Sino-US "Normalisation" was effected on January 1, 1979, the two sides entered into a short-lived amicable relationship. Since the US government had accepted the three conditions, which the PRC had put forward for diplomatic normalisation,

Beijing was moderately pleased, though somewhat sceptical, that Washington had finally accepted the principle that the Taiwan issue should be settled by the Chinese themselves. It seemed that the PRC had managed to convince the US that the difficult issue of China's reunification would eventually be solved by peaceful means.(3) In particular, the US authorities had publicly welcomed the new proposal for peaceful reunification, while Beijing issued the "1979 New Year message to compatriots in Taiwan".

However, when Congress passed the Taiwan Relations Act and President Carter signed it in April 1979, the PRC expressed its dismay over the to US policy "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardise the security, or the social or economic system, of the people on Taiwan".(4) Bilateral relations between Beijing and Washington were worsened by Reagan's 1980 campaign speeches calling for the restoration of "official" US relations with Taiwan. On several occasions in his presidential election campaign, Reagan promised that if he won the election he would redress the injustice done by Jimmy Carter to 'the Republic of China on Taiwan'.(5)

Beijing's response to Reagan's supportive attitude towards Taiwan was understandably harsh. Renmin Ribao, for example, made a strongly worded commentary directly challenging the Republican candidate in June 1980:

"..... If the United States re-establishes official relations with Taiwan according to the policy announced by Reagan, it would imply that the very principle which constitutes the foundation of Sino-US relations is completely destroyed and that Sino-US relations will retrogress against the will of

the two peoples. As for the absurd calls for a return of the US military presence on Taiwan and a revival of the US-Taiwan Mutual Defence Treaty, they constitute brazen interference in China's internal affairs...."(6)

Reagan's hard-line stance on the Taiwan issue angered the PRC leaders. On August 25, 1980, after having consulted his advisers, Reagan issued a five point "principles of China policy" as the blue print for his future presidency, to clarify, or indeed to modify, the confusions caused by his earlier speeches. Firstly, he proclaimed the importance of US-Sino relations and his wish to extend the hand of friendship to all Chinese. Secondly, he pledged to work for peace, stability and economic growth in co-operation with the PRC and with Taiwan. Thirdly, he declared that he would re-act firmly against any country in the West Pacific area which sought hegemony or threatened peace and stability. Fourthly, and this is perhaps the core point of the statement, Reagan repeated that he intended to develop US-Taiwan relations in accordance with the law of the TRA"(7), which he described as a law designed by the Congress to remedy the defects of Jimmy Carter's administration. And fifthly, he stated that he would not accept the interference of any foreign power in the process of the protection of American interests and the carrying out of US law.(8) At the end of his policy speech, Reagan asked the audience in a rhetorical manner "you might ask me what I would do differently (from the present government). I would not pretend, as Carter does, that the relationship we now have with Taiwan, enacted by our Congress, is not official."(9)

Reagan's modified wording in respect to future US-China relations comforted nobody. The KMT government in Taiwan had hoped that the presidential candidate would not go back on his promises

made earlier, to re-establish of diplomatic relations or at least to up-grade Taipei-Washington official contacts. But the speech clearly revealed that Reagan would, most likely, follow the pattern set by his predecessors. For the PRC, the policy guidelines were unacceptable. An article in Renmin Ribao entitled "Reagan's erroneous stance on the Taiwan issue" made a detail criticism. It noted:

"..... Everybody knows that the so-called Taiwan Relations Act is nothing but a domestic law of the United States. It can in no way serve as a legal basis for handling Sino-US relations. We should point out that many parts of the Act run in contradiction to the fundamental principles of the Communique on the establishment of diplomatic relations between the PRC and the U.S.. The Chinese government has repeatedly clarified its solemn stance against the Act and suggests that the U.S. should respect the interests of Sino-US relations and truly respect China's sovereignty and territorial integrity..... Our government takes Sino-US relations seriously and does not wish to see the relations impaired..... Any action detrimental to Sino-US relations will have serious adverse effects on the struggle against hegemonism and for the safeguarding of world peace..... Reagan's erroneous stand on the Taiwan question has a vital bearing on the strategic situation in the world. Whither goes Reagan? We shall wait and see." (10)

The above warning and protests, point out that Sino-American rapprochement virtually stemmed from a consensus on strategic cooperation. Beijing tried to explain that the normalisation of Sino-US relations was actuated, not by China's interests only, but, more importantly, by the overall consideration of safeguarding world peace and opposing hegemonism. Therefore, Beijing argued, Reagan should not alter U.S. China policy because of his personal dislike of the PRC and his out-dated anti-Communist ideology. Furthermore, Beijing warned that Reagan's speeches

concerning Taiwan threatened China's national reunification - a principle on which the PRC would never concede. Any miscalculation by Americans on the issue of China's sovereignty would inevitably result in irrevocable damage to Sino-US relations. Many analysts later came to the view that Reagan's calls for official relations with Taipei, which had so exasperated Beijing, were a grossly inept handling of this sensitive issue. When Reagan assumed office in Jan. 1981, PRC leaders, such as Deng Xiaoping, Chen Yun, Wang Zhen and Yang Shangkun were already angry at what they perceived to be a retrogression in Sino-US relations. The PRC openly confronted the new US administration on the issue of continuing arms sales to Taiwan. Meanwhile, the PRC's reevaluation of its relations with the former Soviet Union also implied that China would not let the U.S. obtain the advantage of developing strategic interests with Beijing while still maintaining its dominance on the Taiwan issue. Reagan then, despite his pledged intention of upgrading relations with the ROC, was forced to make some concessions over the PRC's demands on Taiwan.(11)

Apart from Reagan's unilateral military build-up scheme, the paramount foreign policy and world defence strategy of his administration was to counter the Soviet global expansion and to win the Cold War.(12) To achieve that aim, pursuing a strategic relationship with China was considered as an indispensable measure. While the US was seeking closer strategic cooperation with the PRC, Beijing came to the view that its security and strategic interests were best served by an independent foreign policy, detached from both superpowers. From the PRC's point of view, Reagan's suggestion of "official" relations with Taiwan could not be overlooked. Beijing indicated little interest in responding to

the US new gesture, unless Washington made concessions over the problem of Taiwan. Washington then exercised a "practising what it had been preaching" measure to ease Chinese pressure over arms sales to Taiwan and signed the third Sino-US communique on August 17, 1982. (for detail see the next section.)

But, Reagan's determination to regain the upper hand over the the USSR and his strenuous efforts to check Soviet expansionism, marked a shift in the world balance of power. No longer could the Soviet hegemonist position be further strengthened. On the other hand, the Soviet deepseated economic problems became more acute on entering the 1980s. It was gradually becoming apparent that Washington would finally arrest the trend of Moscow's expanding influence on world affairs. In Autumn 1982, developments in the trilateral relations of Washington, Beijing, and Moscow clearly sapped American interest in developing closer strategic relations with the PRC. (13) Although Beijing would not like to be minimised in its trilateral relations with the US and the USSR, China's margin for manoeuvre was narrowed. It continued to improve relations with Moscow in order to enhance its bargaining position to gain more concessions from the US. But the steadfast stance of the US government, after signing the August 17 Communique with Beijing, did not just rule out the possibility of US compromising on matters of US-China bilateral relations, more importantly, Washington was also disinclined to help the PRC on the issue of unification with Taiwan. Since the end of 1982, the issue of Taiwan has more frequently been juxtaposed with the bilateral relations of China and the United States. (14) And it seems that the Taiwan issue has once again shifted from being a bargaining chip

at the table of the global powers to being a problem of the East Asian regional political arena.

B. THE DISPUTES OVER ARMS SALES TO TAIWAN AND US POLICY "READJUSTMENT" TOWARDS THE PRC 1982-84

Since the Sino-American Normalisation, the US has been trying to maintain its 1970s China policy. On the one hand, it pursued an improvement of strategic relations with PRC, on the other, it attempted to retain its ties with Taiwan. To achieve this dual-track policy effectively, the minimising of the PRC's military threat to the security of Taiwan became the core issue for the US government. When Congress re-wrote Carter's draft of the TRA bill and reconfirmed the US commitment to continuing weapons supply to Taiwan, the Taiwan issue turned out to be a symbol of abnormality in Sino-American relations in the post normalisation period.

To a certain extent, the changing of US policy towards China, depended on both the PRC's flexibility on the Taiwan issue and US low assessments of the PRC's threat to Taiwan.(15) The low threat assessments were particularly vital when the Carter administration took the initiative of negotiating with the PRC for normalisation in 1978. Notable evidence of this was given when, Harold Brown, the Secretary of Defence, assured Senators that:"the PRC military action against Taiwan is extremely unlikely in the foreseeable future."(16)Because of the Taiwan Relations Act and Reagan's pro-Taiwan speeches, Sino-US relations in the first two years of the

Reagan administration were rather volatile. Beijing was concerned that the new US administration might undermine China's efforts to isolate Taiwan. For decades, Beijing had been taking all possible measures to cut off Taiwan's external relations, so as to degrade its political status. In doing so, it believed the Nationalists in Taiwan would become demoralised and eventually be compelled to the reunification negotiations table. However, for the first time since the Nixon visit to China, the US Presidential candidate, during his election campaign, had openly spoken of his intention to resume "official" relations with Taiwan. Beijing had no alternative but to directly confront the Reagan administration. The PRC, then, focused its challenge on the problem of US arms sales to Taiwan.

For the PRC the most noteworthy transaction regarding US arms sales to Taiwan was the FX jet fighters affair. In fact, the deal was initially supported by President Carter, as well as by the Congress in late 1970s. But it was delayed because of the normalisation of Sino-US relations. When the 12 month moratorium on weapons sales to Taiwan ended in January 1980, Carter decided not to fulfil the commitment to sell the FX fighters to Taiwan. Mainly this was in response to the PRC's new initiative for a peaceful resolution on the Taiwan issue.(17)

When Reagan assumed office in January 1981, it was widely expected that he would speedily proceed with the FX sale, since, it could be argued, the deal was Jimmy Carter's unfinished work. But the incoming administration showed unusual hesitation over the deal, as the sales of arms to Taiwan had become an issue of US domestic politics. The new President's Security Adviser,

Richard Allen and Defence Secretary, Caspar Weinberger, supported the FX sale on the grounds that Beijing had never renounced the use of force against Taiwan, meanwhile Taiwan's air defence systems were relatively obsolescent. The Secretary of State, Gen. Haig, however, urged that the deal should not be approved. He argued that there was no serious PRC military threat to Taiwan, in particular, the Chinese government had been pursuing a policy of peaceful settlement over the Taiwan issue. The other important reason Haig put forward was that he believed that a US-PRC quasi-alliance against the Soviet Union in the Far East region was desirable, possible and essential. Should the quasi-alliance materialise, the PRC would have no reason to attack Taiwan by force, as long as both the PRC and the US preferred to see the issue solved peacefully. If Washington continued to sell advanced weapons to Taiwan, Haig worried, the already tense relations, caused by Reagan's campaign speeches, would turn bad to worse, and US-PRC strategic cooperation would become impossible.(18) Eventually, Reagan was convinced that the deal should be stopped.

In June 1981, few months before Reagan made the final decision against the FX deal with Taiwan, General Haig went to Beijing, in an attempt to soothe the Chinese leaders' feelings over Reagan's "retrograde statements" on the Taiwan issue made during his campaign. Haig assured Deng Xiaoping that Reagan would pay attention to China as an important and valuable friend for global strategic cooperation. To demonstrate the new administration's desire to improve relations with Beijing, he told Deng that the US would be willing to sell arms to the PRC on a case-by-case basis. The day Haig left China, Washington disclosed that the US

and the PRC were jointly operating a secret monitoring station in Xinjiang to keep track of Soviet missile tests.(19)

General Haig's olive branch to the PRC did not appease Deng and other leaders on the Taiwan issue, because of Reagan's long anti-Communist stance and because of his close ties with the KMT. Sceptical speculation arose in Beijing that the new government in Washington might have struck a deal with the Chinese to sell arms to the PRC in order to be able to continue its arms sales to Taiwan. On 10th June 1981, the PRC stated that China would rather receive no US arms than accept continuing American interference in its internal affairs by selling arms to Taiwan, which it could no longer tolerate.(20)

Trying to win back the PRC's confidence in the US government, Reagan then wrote three personal letters to Deng Xiaoping, Zhao Ziyang (the Premier) and Hu Yaobang (the General Secretary of the CPC), respectively, in April and May 1982. He repeatedly assured the Chinese leaders that the US was seriously considering a Sino-American strategic collaboration. Moreover, in these letters, Reagan, varying his previous positions, asserted that:

"The United States firmly adheres to the positions agreed upon in the Joint Communique on the establishment of diplomatic relations between the US and China. There is only one China. We will not permit the unofficial relations between the American people and the people of Taiwan to weaken our commitment to this principle"(21)

The PRC did not fail to seize the opportunities afforded by these friendly gestures extended by the US government. Apart from highlighting Reagan's one China assurance and unofficial policy towards Taiwan, it put even harder pressure on the President over

the issue of arms sales to Taiwan. For example, Deng Xiaoping openly stated that the Sino-American strategic relationship was important and possible, but only on a condition of equal footing, and if the US properly respected Chinese sovereignty and territorial integrity.(22) The Chinese Foreign Minister, Huang Hua also warned that a "storms and reefs" relationship between the PRC and the US would be inevitable, if the Reagan administration mishandled the arms sales issue.(23)

For the purpose of staking out China's bargaining position on future arms sales to Taiwan, the PRC re-asserted that "If Washington wants to preserve and develop Sino-American relations, then the problem of U.S. arms sales to Taiwan must be solved on the basis of properly respecting China's sovereignty. And there is no way this problem can be solved while ignoring China's sovereignty."(24) Beijing then asked that a definite date should be set for the termination of arms sales to Taiwan. Huang Hua again hinted that a final settlement of the issue of arms sales to Taiwan was necessary. It was during this period that negotiation between Washington and Beijing began in earnest over the eventual resolution of the problems^{which} caused by the third Sino-US Joint Communique on August 17, 1982.

The PRC claimed that the Communique was extremely important with respect to the issue of China's reunification. Apart from its indication of US restraint on the issue of arms sales to Taiwan, the Communique contained several statements which the PRC could claim as indicating support from the US for Beijing's peaceful reunification policy.(25) The US acceptance of the principles of the 1972 Shanghai Communique and the 1979 normalisation agreement

were reconfirmed. Meanwhile the "Message to Compatriots in Taiwan" issued on January 1, 1979 and the "Nine-point Proposal" presented by Marshal Ye Jianying on September 30, 1981 were cited as basic policy of the PRC towards Taiwan.

The US, however, argued that the Communique could not be interpreted as showing that Washington had any wishes to play an active role in bringing about a resolution over the Taiwan issue. Rather, it indicated that the US had no intention of infringing Chinese sovereignty and territorial integrity, nor of interfering in China's internal affairs by pursuing a policy of "Two Chinas" or "One China, One Taiwan". Likewise the US pledged that:

"..... Having in mind the foregoing statements of both sides, the United States government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.....".(26)

Not surprisingly, disagreement arose immediately over the interpretation of the Communique. Senator Hayakawa pointed out: "The communique means either what you want it to mean or what you fear it means. There is enough ambiguity in the document, it seems that no one need take offence. What we have in the communique is a situation not uncommon in human affairs: total ambiguity."(27) Almost all US interpretations of the Communique have been more devious and less straightforward than the Chinese.(28) Beijing rejected outright any suggestion that its policy of peaceful reunification should be linked with, or be regarded as the pre-

condition of any arms sales settlement. The PRC's intention in signing the Communique was clear; it attempted to use the new agreement to defy, or at least to weaken, the US Taiwan Relations Act.

Since the terms of the Communique were quite different from those of the TRA, if the US government strictly implemented the terms of the agreement, the Act would have to be revised.(29) In other words, though Reagan denied it, the Communique, like the FX deal, was in effect another concession to the PRC on the Taiwan issue. While the draft of "the August 17 Communique" was being secretly prepared, the architect of this controversial agreement, General Haig, resigned, and George Shultz took over the post of Secretary of State. The new Secretary of State brought a fresh perspective to bear on the PRC's role in the Washington-Moscow-Beijing trilateral relationship.(30) Although Shultz rhetorically still alleged China's importance as a strategic partner to offset the Soviet military threat, he quietly downplayed the "China Card" as a strategic counter-weight to influence Soviet behaviour.(31) He, therefore, initiated a reappraisal of the PRC's significance, designating it as a regional rather than a global power. And US strategy in the Far East seem to have quietly shifted from China to other East Asian countries.(32)

Under the new concept of the US strategy, it was Japan not China which was to be its true partner in forging a framework for economic and political security in the Asia-Pacific area. In Boston, in early 1983, Reagan said "the US-Japanese relationship remains the centre-piece of our Asian policy".(33) Paul Wolfowitz the Assistant Secretary of State for Asian and Pacific Affairs, made even clearer in his report to the House Committee on Foreign

Affairs, that the US government wanted "to put US-China relations back on a stable, realistic footing".(34) Notwithstanding the ceaseless pressure from the PRC, the US government's lowered perception of China's strategic significance resulted in it becoming less likely to compromise further over the Taiwan issue.

In March 1983, Shultz presented an interesting speech, showing a marked difference from his predecessor's stance. On American attitude towards US-China relations and the Taiwan issue, Shultz claimed:

"...China's new, more constructive, though guarded, role is welcome and a closer relationship with the PRC will benefit the people of both our countries. However, frustrations and problems in our relationship are inevitable. They will arise not only out of differences concerning Taiwan but out of the differences between our two countries..... Progress in US-China relations need not come at the expense of relations with our other friends in the region, including our close unofficial relationship with the people of Taiwan. To the contrary, it can contribute to the peace and economic progress of the entire region. The key to managing our differences over Taiwan lies in observing the commitments made in our three joint communiques and allowing the parties themselves to resolve their differences peacefully with the passage of time....."(35)

The above remarks clearly indicated the US intention of no longer pursuing a strategic relationship with the PRC at the expense of US-Taiwan relations. In the absence of a strategic motivation, Washington had more room to manoeuvre on the issue of China's reunification. Let by Shultz, US policy toward China and Taiwan after 1983, by and large, sought a stable framework that would allow Washington to remain its influence on the issue of Taiwan, while refraining from direct intervention in the gradual development of reconciliation between both sides of the Taiwan

Straits. To achieve this aim, Shultz "re-normalised" US-China relations and US-Taiwan connections in accordance with the dual-track policy. This "re-normalisation" included an uncompromising US stance in the face of Beijing's strong pressure on a series of bilateral issues: for example, Reagan personally granted political asylum to the tennis star Hu Na; the U.S. court decided that the PRC was liable for the Qing Dynasty's railway bonds; the Department of State's and the Congress' pro Taiwan stance on membership of the Asia Development Bank; the issue of US airlines being able to fly to China as well as to Taiwan; and most importantly, after 1983 the US maintained more or less the same level of arms sales to Taiwan as pre-August 17, Communique. On each one of the issues the PRC threatened that Sino-US relations would regrettably regress, unless their demands were satisfied; while each of the issues put forward by the PRC was quietly but firmly rebuffed by Washington, and never, indeed, did the PRC carry out its threats.(36) In short, in the two years of 1983-84, the US not only re-stabilised the Sino-American bilateral relations, mainly under U.S. initiatives, but also institutionalised close unofficial relations between Washington and Taipei in conforming with the guideline of the TRA, while not quite following the terms set out in the "August 17, Communique".

C. DEVELOPMENT OF SINO-US RELATIONS AND ITS IMPLICATIONS FOR CHINA'S REUNIFICATION 1984 - 87.

Having learnt from the painful experiences of the Vietnam War, US foreign policy was less inclined to employ naked military

intervention in the process of China's reunification. Instead, as noted, the US considered using more sophisticated measures, such as diplomatic negotiations with Beijing over the continuing weapons supply to Taiwan, in order to secure its influence on the Taiwan issue. After the August 17, 1982 Communique, the US has kept a rather low profile, but a firm attitude in handling the issue of Taiwan. US policy towards the issue of China's unification could be summed up as follows: 1). the Chinese on both sides of the Taiwan Straits should resolve the issue of reunification themselves; 2). the US would neither persuade Taipei to go to the negotiation table nor become involved in Chinese peace-talks; but 3). the sole American interest is in the peaceful settlement of the issue. (37)

The first two points, which express the U.S. non-involvement policy, are, by and large, based on the assumption that the people of Taiwan would not accept the PRC's peaceful offensive measure of One Country Two Systems. The third point reveals US support for a peaceful resolution of the Taiwan issue, which links directly to its national interests and security in East Asia. Since 1984, changes in US policy on the Taiwan issue have been fundamentally based on these three principles. In the section we will examine how these principles were applied to the following four main factors that have dominated the tripartite relationships of Beijing, Washington and Taipei viz, 1). the impact of the settlement of the Hong Kong issue; 2). the decreasing tensions in the Washington-Beijing-Moscow triangular relations; 3). the beginning of limited contact between Taiwan and the mainland; 4). the institutionalising of Taipei-Washington relations in the light of

the Taiwan Relations Act.

During the two years of Beijing-London negotiations over the future of Hong Kong(1982-84), there was little thought in the US about playing a role in China's reunification.(38) The announcement of the Joint Declaration on the future of Hong Kong between China and the United Kingdom in September 1984, however, provided the U.S. with an opportunity for reviewing what role it could properly play in the resolution of the Taiwan problem, since, from the beginning, the PRC had made clear that application of the formula of One Country Two Systems to the Hong Kong solution was intended to be a model for Taiwan. How has the U.S. responded to the Hong Kong settlement ? In other words, how did the Reagan administration evaluate the One Country Two Systems formula.

Generally speaking, Washington's declared position towards the model of the Hong Kong settlement was rather positive. The US government showed its interest in a peaceful resolution of the issue. Not only would the settlement preserve the political and economic status quo in Hong Kong, distinct from that of other areas of the PRC, but also the US could maintain close political and economic ties with the colony, since Hong Kong is the tenth largest trading partner of the US. Furthermore, when the Hong Kong Agreement was completed, Washington reacted favourably; the State Department announced "the US Government welcomes the successful conclusion of the negotiations between the PRC and the UK. The US has a strong interest in the continued stability and prosperity of Hong Kong and believes the agreement will provide a solid foundation for Hong Kong's enduring future progress..... The US will provide any assistance it can, in close cooperation with the

UK and the PRC, to maintain Hong Kong's appropriate participation in international bodies." (39) Obviously, the US meant that the One Country Two Systems formula could be considered a credible means for the resolution of international disputes.

Profiting by the supportive stance of Washington, Deng Xiaoping then asked the British Prime Minister, Mrs. Thatcher to take to Reagan the message that the US should "help" the PRC to achieve its national reunification i.e. solve the issue of Taiwan. (40) With the PRC's appeal for something to be done about its national reunification, the US gave serious consideration to what role it should play in the resolution of the Taiwan issue in response to the repercussions of the Hong Kong settlement. Having carefully evaluated on Deng's request, the US backed away from the PRC's demand, and eventually made the decision to retain the existing policy of no direct intervention in China-Taiwan relations.

Indeed, though the US government hinted that the manner in which Hong Kong's future would be handled could greatly influence the future prospects for reunification with Taiwan, several problems disturbed the Washington policy-makers and they could see no advantage in, nor moral justification for nudging Taiwan into closer contact with the PRC. Firstly, the US was not sure if China's initiatives for peaceful reunification were only part of the reformists' policy package introduced at and after the Third Plenary Session of the 11th Central Committee. If the initial reform became unravelled, either through failure, or because it was denounced by anti-reformist factions, then the Hong Kong settlement might well turn out to be a nightmare, and the new Chinese leadership might rescind the policy of One Country Two

Systems accordingly. Secondly, the impact on Taiwan's political, economic and social stability of US involvement in China's reunification was unpredictable. Thirdly, US politicians had shown their discontent over Reagan's handling of the Taiwan issue since he took office. The conservatives, because of their distrust of the PRC regime, and their undying moral commitment to the KMT regime, had made their position clear: the US government should not involve itself in the issue of China's unification. On the other hand, the liberals were inclined to see the Taiwan issue as something to be decided by Taiwanese themselves. Fourthly, none of the countries in East Asia had indicated any desire to see Taiwan controlled by the PRC under any conditions. On the contrary, most of the neighbouring nations were anxious about their security were Taiwan to be seized by China or the PRC to become too powerful. Finally, the US was doubtful that a solution of the Taiwan issue on the PRC's terms, would lead to a substantive improvement in Sino-US bilateral relations. Rather, it seemed certain that if Taiwan were taken over, the PRC would be in a better position than ever to challenge the US on other issues. All these concerns led the US to shy away from any change in its existing dual-track policy aimed at keeping Taiwan out of the PRC's hands.

Although the Taiwan issue was, to a certain extent, disassociated from the Hong Kong frame of reference after the US made above decision, some US politicians still value the Hong Kong Agreement as being a good way for easing international disputes. They also believe that the Hong Kong formula of One Country Two Systems, is, and will continue to be, a blessing for the people of Taiwan, for it has removed, at least until 1997 and possibly for a decade more, any need to seriously consider negotiations with

Beijing.(41) This is because they expect Taipei to adopt the PRC's conventional slogan, saying that they will wait for "deeds and not words" as proof of a positive attitude on national reunification. The US leaders are quite happy with Taipei's argument that it is reasonable for them to wait and see how the formula works out in practice for Hong Kong after it goes into effect in 1997.

The other thing that the leaders of the U.S. had to consider was the continuity of and changes to its strategic posture in East Asia in the light of China's attitude of peaceful reunification. Indeed, the Taiwan issue has undoubtedly been one of the major contentious subjects in Washington-Beijing relations. However, in the 1970s and early 1980s, the issue was, as has been discussed, tacitly put aside, because both Washington and Beijing considered friendly Sino-US relations as a strategic counterweight to the growing former Soviet Union military threat to, and political influence on, East Asia. As was also examined earlier, after Shultz took charge of foreign affairs, the US downgraded the importance of the PRC in the management of strategic relations with the former USSR. A similar view of the diminishing global significance of the PRC emerged from the conduct of Soviet foreign policy under its new leader, Gorbachev, who came to power in 1985.(42) Notwithstanding China's international significance was regionalised as well as marginalised by Washington, it was the first time in four decades, that China was in position to enjoy good, normal relations with the two superpowers at the same time. In the second half of the 1980s, the PRC was pursuing a more independent foreign policy.

Mikhail Gorbachev's speech delivered at Vladivostok in July 1986, indicated the Soviet intention of seeking better relations with the PRC, in order to maintain the stability of the Far East and the Pacific.(43) He proposed talks with Beijing to solve the "three obstacles"(44) repeatedly referred to by the Chinese. Furthermore, the limitation of nuclear weapons in the region; the reduction of US and Soviet naval fleets; a cut back in regional conventional forces; and most notably, a public concession on river border disputes were suggested in Gorbachev's speeches.(45) The former Soviet attitude towards East Asia was vital to both China and the US. It has always been apparent that China's security is tied intrinsically to Beijing's relations with Moscow. The PRC attempted to take advantage of the new atmosphere in Sino-Soviet relations to advance its own interests.

Deng Xiaoping exploited Gorbachev's proposals and enhanced China's independent foreign policy, saying that apart from the Sino-Soviet three obstacles, there was one over-riding obstacle in Sino-US relations: the Taiwan issue. He repeatedly appealed to Reagan to bring about further progress in Sino-US relations, including some effort in respect of China's reunification.(46)

The US analysed both the Gorbachev's proposals and the PRC's responses in order to decide whether any adjustment in US policy in Asia was necessary. The US assessment of the prospects for improving Sino-Soviet relations was mixed. Some officials in the Reagan administration were apprehensive that the USSR might be able to take advantage of the impact of the Taiwan issue on Sino-American relations and of China's problem with the influx of unwanted Western "decadence" to drive a wedge between Washington

and Beijing. The majority of policy-makers in the White House, however, still believed that the achievement of a strategic realignment between the PRC and the USSR was rather unlikely.(47) Following an extensive review of Soviet and American capabilities in Asia, Washington concluded that the Soviet challenge to US interests in the area was not as serious as had been thought. Therefore, they could see no compelling strategic reason to change existing US policy towards China's reunification.(48)

Apart from the impact of international relations, i.e., the Hong Kong settlement and the Sino-Soviet reconciliation, the increasing unofficial contacts between Taiwan and mainland China became another important factor causing contention in the US government over its policy on China's unification. As mentioned, the US has firmly insisted that it will not be involved in any talks, should negotiations over the Taiwan issue take place. Its arms sales to Taiwan were designed to help the ROC on Taiwan meet an adequate defence need, so that Beijing's threat to use non-peaceful means would not be viable. It is clear that unless the Taipei authorities change their relations with Beijing, the US has no reason to shift its existing policy. But, since 1985, the situation on both sides of the Taiwan Straits has gradually developed to a new stage. The KMT government, although still vehemently rejecting any contact with Beijing, has relaxed its restrictions on unofficial "people-to-people" communications with the mainland.(See chapter 7.) Facing up to the new atmosphere in Taiwan-China relations, and in order to avoid being accused of blocking China's reunification, statements have been made by the US in support of the "process" of peaceful reunification.

When the flow of contacts between Taiwan and China became more perceptible, the PRC launched stronger attacks on the US for not sincerely supporting Chinese reunification.(49) In response to pressure from Beijing that the US government should do something on the issue of China's reunification, the State Department official specialising in Taiwan Affairs, Mark Pratt, gave the following comments:

"The US role in the area (East Asia) will continue to be questioned, particularly from the PRC side. However, as time goes on and the US policy and intentions are more clearly understood, there should be greater acceptance in Beijing of the fact, that this policy is not directed against the PRC, but is in the interest of all the Chinese people. The US is not attempting to separate Taiwan from China in order to have an unsinkable aircraft carrier. If the US maintains a principled position which is in accord not only with US policy but with the US character, then we may be able to reduce suspicions and reassure both Taipei and Beijing of the benevolence and beneficence of our policy.(50)

The above clarification from the State Department of the US attitude on the Taiwan issue shows its concern and belief that the majority of people in Taiwan do not have desire to be taken over by the Communist regime. The speculation that the KMT and the CPC would not be able to work out their differences was another reason for the Americans to argue that the US was not at the centre of the differences between Taiwan and China, rather, the core of the problem lay with the Chinese themselves.

The speech made by George Shultz, in Shanghai in March 1987, quoted at the beginning of the chapter, was the first time the US explicitly expressed that "it would support a continuing evolutionary process toward a peaceful resolution of the Taiwan issue". Did Shultz's statement imply that the U.S. would be positively interested in the realisation of the policy of One Country Two

Systems ? Chinese officials on the mainland and, indeed, a few in Taiwan as well, tried to interpret this speech as indicating the US intention to change its non-involvement policy. The people of Taiwan also felt it could be a dangerous development for them, faced with the same fate as the people of Hong Kong in the course of the Sino-British talks over the future of the colony.(51)

Despite the expectations and worry to which Shultz's speech gave rise, the events have shown that the US government had no intention of changing its non-intervention policy towards China's reunification. The main reasons, at the time, were the volatile nature of political developments occurring in China since 1987, and the international situation which allowed the Washington-Moscow detente to develop further. This "favourable" atmosphere released the US policy-makers from the embarrassment of the PRC's pressure for China's reunification. The PRC government suffered a series of political difficulties, following the resignation of Deng's hand-picked successor, Hu Yaobang, as General Secretary of the CPC, after the students' anti-corruption demonstration in Jan. 1987. Under pressure from the resurgent advocates of central planning, who urged a slowdown of the political and economic reforms, the government, led by the reformers, was badly in need of the supports from the US and other Western countries. Although Beijing was still unhappy about the US dual-track policy toward China and Taiwan, it could do little to change it.

The prime consideration for the US in adhering to its non-involvement policy on the Taiwan issue is that the existing policy serves important interests: it enables Washington to pursue the aim of maintaining good relations with both China and Taiwan at

same time: it also reduces China's potential threat to US interests in East Asia. In the US election campaign of 1988, both Democratic and Republican party candidates shared very similar views on the future settlement of the Taiwan issue. While promising to honour the TRA, they both appreciated the PRC's initiatives for peaceful reunification under the formula of One Country Two Systems. When George Bush took office in Jan. 1989, China expected that he would be better able to solve the Sino-American disagreement on the Taiwan problem, because both Deng and Bush looked on each other as "good old friends".(52) But Bush's policy appears not much different from that of his predecessor's. The policy towards China's reunification will remain in place unless compelling circumstances force the US to change.

D. WASHINGTON-TAIBEI RELATIONS AND REUNIFICATION

When the normalisation of the Sino-US diplomatic relations was accomplished in January 1979, Taipei-Washington had had to find some guide-lines for their post-derecognition relations. It was, indeed, an unique opportunity for the American Congress to enact the Taiwan Relations Act to define, govern and oversee US relations with the deserted former ally.(53) And the TRA has, hence, functioned as an institutional regulation for Washington-Taibei relations.

The setback in Washington-Taibei relations caused by the US-China normalisation was somewhat softened by the TRA. This Act of

the Congress treats Taiwan, in terms of international convention, as a distinct political entity, and reflects, more or less, the vision of the US "One China One Taiwan" policy of the early 60's. Contrary to the wording of the 1978 Normalisation Agreement and the Shanghai Communique of 1972, it does not formally regard Taiwan as a part of China. The only point in the TRA which the Taipei authorities dislike, would perhaps be that its formal designation of "the Republic of China" has been replaced by "the people of Taiwan", implying that there is no recognised government on the island.(54) The Act also makes clear the US concern for Taiwan's security, which is directly linked to the stability of the Western Pacific region. In other words, it reflects a U.S. commitment to the welfare of the people and to the security of the region in which the current status of Taiwan is regarded as vital.

To enforce the TRA, and for the purpose of taking charge of day-to-day administrative affairs between "the people of Taiwan" and the US, a "private" body, the American Institute in Taiwan was set up in Taipei in April 1979. The "unofficial AIT" was staffed by professional diplomats, financed by government funds, and governed by trustees appointed by the Secretary of State. For the last ten years, the AIT has substantially functioned as an Embassy in all but name. Corresponding to the AIT, "the People of Taiwan" established in Washington a counterpart "private" body, the Coordination Council for North American Affairs (CCNAA). Through these "unofficial" bodies, the United States and "the People of Taiwan" have steadily developed their relations.(55)

The Articles of the TRA and the structures of the AIT and

the CCNAA ensure a practical level of government-to-government relations, while subtly avoiding specific reference to any official relations. The continuing links between Washington and Taipei had put Beijing a difficult position. On the one hand, the PRC had offered a new, friendly, as well as generous proposal (at least from their point of view,) to the KMT regime: Taiwan would be allowed to maintain its independent external relations in an unofficial manner and could maintain military forces below a level capable of threatening the security of the PRC. On the other hand, the Beijing government regretted that its proposal for Taiwan's reunification with the mainland had been unsettled by the TRA. (56) According to the above guidelines set by the PRC, Washington could argue that the US had conducted its relations with Taiwan exactly as Beijing recommended. In this situation, if Beijing were to push its Taiwan policy too hard, it would show up the insincerity of its peaceful initiatives, but, should the PRC complain to Washington in too soft a tone it would give the rest of world the impression that China had offered tacit consent to the indefinite continuation of US intervention in the issue of Taiwan. In that event, the prospects for the reunification of Taiwan with the PRC would be severely damaged.

Throughout the 1980s, Beijing kept up its pressure on the US government regarding the TRA and US relations with "the people of Taiwan". Taipei was disappointed by Reagan's decision not to sell advanced FX fighters to Taiwan. It was further frustrated by the August 17, 1982 Communique in which the US was prepared to accept that the PRC's proposals concerning the future settlement of the Taiwan issue should be linked to the US arms sales policy. How-

ever, Washington did, in return, provide some compensatory measures to comfort the Taipei authorities. For example, Taipei diplomats in the US were accorded diplomatic immunity.(57) Furthermore, the setting up of thirteen branches of the CCNAA in the main cities of the US was ratified by the State Department, while there are only four Consulates of the PRC in the US. The Reagan administration also took some steps to limit the damage to arms sales to Taiwan which the August 17, Communique generated.(58) The total amount of arms sales to Taiwan was kept at the level of 1982 by interpreting the Communique as lacking any consideration of "the inflationary index".(59) An important development was the Reagan government's decision, after 1983, to transfer to Taiwan more advanced defence systems technology, rather than by selling large quantities of weapons. In so doing, the government-approved items of arms sales decreased, while US commercial sales of defence-related equipment to Taiwan increased.

The most testing case for the US in response to the PRC's peaceful proposal over the Taiwan issue and its relations with Taiwan came in February 1983, when Beijing openly expressed its desire to join the Asian Development Bank(ADB), at the same time, demanding that the ROC be expelled from that body. The US State Department later indicated that the PRC was welcome to join the organisation, but opposed the ousting of any member as a precondition for any country to attend the ADB. Aware of the US dominating influence in the ADB, Beijing then sought to downgrade the ROC's status from full membership to that of observer.(60) The US Congress then passed an amendment to the IMF appropriation bill, which stipulates: "...It is the sense of the Congress that Taiwan should remain a full member of the ADB and that its status

within that body should remain unaltered, no matter how the issue of the PRC's application for membership is disposed of".(61) The Congress also urged "the President and Secretary of State should express support of Taiwan, making it clear that the US will not countenance attempts to expel Taiwan from the ADB".(62) Beijing then launched a strong protest against the amendment, and accused the US of still pursuing its long-standing policy of Two Chinas. Washington was not perturbed by the accusation, its staunch stand towards Taiwan's membership of the ADB remains. After the settlement of the Hong Kong issue, the PRC demanded that the ROC's name in the ADB should be changed to "Taiwan, China" in order to match its One Country Two Systems policy.(63) But the US again rejected the suggestion. It is clear that although the US supports the One Country Two Systems model to solve the Hong Kong issue, it will not join efforts to pressure Taipei into accepting it.

The bilateral relations between Taipei and Washington in the past decade have generally been stable and built on mutual trust, but not always smooth. It appeared that the result of the TRA was to keep the Americans in and the Chinese Communists out of Taiwan, yet the Act has operated as a mechanism for ensuring the continued viability of Taiwan. In the past decade, economic ties between Taiwan and the US have prospered to a greater extent than before. Two-way trade in commodities, which in 1979 was US\$ 9 billion, reached US\$ 38 billion in 1988, an increase of over four fold. Taiwan became one of the world's main trading countries and the fifth biggest trading partner of the US.(64) As trade grew, the imbalance of surplus in favour Taiwan followed. By the end of 1988, Taiwan's foreign exchange reserves surged to a staggering

US\$ 78 billion, and its trade surplus with the US increased from 2.3 billion in 1978 to US\$ 19 billion in 1988.(65) To the people of Taiwan it has been both a blessing (being in the lime light of the world), and a serious problem (with the US policy of trading retaliations and protectionism). The US has become unhappy about the growing trade imbalance which Taiwan runs and the foreign exchange reserves it has accumulated. Tension and quarrels have, therefore, developed between the two countries.

The background to the Taiwan-US trading imbalance was not purely market-orientated. Following the normalisation of US-PRC diplomatic relations, the US government has continued to treat its obligations to Taiwan as one of the key factors in its China policy. As China has acquired greater status in the international community, the US has supported Taiwan, mainly by enabling Taiwan to maintain its peace and prosperity.(66) Up to this point, the bilateral relations between Taipei and Washington were conducted primarily through their commercial activities. The US trading deficits with Taiwan were, not only the inevitable outcome of the market mechanism, but more importantly, the consequences of political determinations.

From the viewpoint of the KMT regime, the worst period of relations between Taipei and Washington, i.e., that of the Carter administration, had passed. It believed that bilateral relations during the Reagan administration had stabilised.(67) This was due partly to Reagan's previously mentioned anti-Communist stance and partly to the US assessment of Beijing's diminished role in the containment of the former Soviet expansionism after 1983. Since the co-existence of Washington-Taipei and Washington-Beijing

relations within the carefully planned context of the US foreign policy has proved to be functional and effective, it was clear that Taipei would not expect Washington to play any vital role on the issue of China's reunification. On the other hand, Taipei still very much relies upon the US continuing to play a deterrent role to protect Taiwan, so long as the threat from mainland China exists. In particular, Taipei tries hard to convince US decision-makers that Washington should not give an impression to the people of Taiwan that America is gradually shifting her position to accommodate Beijing's endless demands on the issue of China's reunification, otherwise, due to the strong Taiwanese feeling of separatism, political changes in Taiwan could possibly involve the unleashing of the Taiwan independence movement. This would be a high-risk development, because, the KMT argues, both the US and the Chinese Communists would be likely to become entangled in direct conflict. (68)

In the US Congress, there is a strong voice in support of the people of Taiwan pursuing self-rule and this is incompatible with the policy of One Country Two Systems. Soon after the Democratic Progressive Party (the DPP) was formed in Taipei, Senator Pell, the Chairman of the Senate Foreign Relations Committee, commented that ".... Though the DPP's political position is not yet secure, its political attitude is clear. It seems to me that the new party does not call for separation; it calls for self-determination. The DPP does not say that Taiwan should declare its independence from the mainland; it says the people of Taiwan must be free to determine their own future.... If the people in Taiwan vote freely for independence, the world should respect their judgement, and I fully support that position. America was built on the principle

that the American people should determine their own destiny. We cannot and should not expect the Taiwanese people to settle for anything less." (69) Senator Edward Kennedy, Congressman Steven Solarz, Chairman of the House of Representatives Sub-Committee on Asian and Pacific Affairs, and many others on Capitol Hill shared Senator Pell's view. (70)

In the foreseeable future, Beijing's Taiwan policy will still be an important factor in Taipei-Washington relations. How far the PRC will change its policy of reunification, is certainly a matter about which it is difficult for the US to make an accurate judgement. Nevertheless, since 1979, the US has been pursuing a flexible policy; Washington would preserve its option to react passively and/or actively to the development of the situation between China and Taiwan. US efforts were expected to create an enduring friendship with the PRC, so as to lower the likelihood of an armed attack on Taiwan from China. As from the time that Secretary of State Shultz made his significant speech in Shanghai the US has been talking about its support for an "evolutionary process" towards a possible peaceful resolution of the issue of Taiwan, therefore, Washington has shown tolerance in response to the increased contact between the people of China and Taiwan. (71) The documents and speeches of US policy-makers reveal, however, that Washington does not intend to review the TRA. Following the pattern which has been built in the past decade, the US-Taiwan relations will most probably continue to maintain the status quo. The One Country Two Systems formula might be often mentioned by the PRC in line with the Sino-US bilateral relations, but it will have little influence on the development of the Washington-Taipei

relations, unless unexpected factors emerge to compel Washington into taking extraordinary measures to change course over Taiwan.

E. SUMMARY

Apart from holding firmly to the principle of the peaceful solution of the Taiwan issue, how can the US act practically in response to the PRC's initiative of One Country Two Systems ? In the past decade, both Beijing and Taipei have been in the throes of political and economic transformation. Most US politicians have reacted positively to the easing of the political control over the mainland and Taiwan by the PRC and KMT.(72) Studying the question, one finds that Beijing has shown its determination in pursuing the aim of national reunification. Any option of the US government in support of a specific outcome of the Taiwan settlement, other than reunification, would be regarded as having an axe to grind - a challenge to the PRC's territorial integrity. The US policy options on the resolution of the Taiwan problem, in the foreseeable future, will have to keep a balance between the Washington's committed principles and Beijing's attitude which its priority is to achieve national reunification with the tag of One Country Two Systems.

However, in terms of the future of Taiwan, there are three possible different options available, namely: unification with China; an indefinite continuation of the status quo; and Taiwan independence.(73) Since the trend of contacts between both sides

of the Taiwan Straits is already under way, there is reason to believe that the US will continue to "talk" about its support for China's peaceful reunification. But certain questions remain. Should the present Bush Administration and his future successors move their Taiwan policy beyond the "process" of a peaceful resolution to actively helping the PRC to recover Taiwan ? Or should the US government back down from the PRC's peaceful proposal and support Taiwan independence, in the event of Beijing using force to attack Taiwan ? Furthermore, how could the US effectively maintain the present situation of non-unification, non-separation, when even Secretary of State, Shultz has realised that the status quo does not mean the situation in the Taiwan Straits is static ? All these questions are strategically related to US China policy and its national interests in East Asia.

Some influential political figures in the US did argue that the US government should play a more active and positive role on the issue of China's reunification. For example, Henry Kissinger praised the One Country Two Systems policy, and proclaimed that the formula will provide for the continuance of British role in maintaining the prosperity of Hong Kong after 1997. Kissinger hinted that if the Taiwan issue were resolved satisfactorily with US involvement, Washington-Beijing relations would be improved and regional peace and stability enhanced.(74) Nevertheless, the politicians who made decisions in Reagan's administration and in the present Bush government, were inclining to consider that the PRC's initiative for the "recovery" of Taiwan with direct US help should be approached with the utmost caution.

Strategically, maintaining the status quo in the Taiwan Strait

has been, as discussed, of great interest to the US. Leaders and policy analysts in Washington would certainly not like to see any big change in the area. Compared to the 1950s, 60s, or even 70s, American policy on the Taiwan issue in the 80s was to keep a low profile, but with firm position. In particular, Washington would not wish to give an impression that it was prepared to promote China's unification because that would severely weaken Taiwan's bargaining position, should Taiwan have considered negotiating the unification issue with the mainland. Beijing was also aware that Washington had always been Taiwan's main supporter in the international community. A US position in favour of unification would have been regarded in Beijing as depriving Taiwan of its other options for a solution, and could seriously damage the interests of the people of Taiwan. In the 1980s, the US approach to deal with the issue of Taiwan was to quietly follow the lead of the people, as opposed to the governments, on the both sides of the Taiwan Strait, while protecting its interest in a peaceful settlement of the issue. To support any specific outcome of the Taiwan problem (unification or independence), would have been regarded in Washington as a dangerous move, and the US decision-makers are unwilling to take that unnecessary risk.

FOOTNOTES AND REFERENCES

1. "Deng Xiaoping On Sino-US Relations And China's Reunification" An Interview with Mike Wallace from Columbia Broadcasting System of the US, on Sept. 2, 1986. The document reprinted in The Taiwan Issue: It's History and Resolution, China in Focus Series, No 30, Beijing Review, 1987, PP. 104-106.

2. See George Shultz's comment on China's unification on March 5, in Shanghai, China Post, Taipei, March 7, 1987.
3. See the Joint Communiqué On Establishment of PRC-US Diplomatic Relations, Renmin Ribao(RMRB), January 1, 1979.
4. Taiwan Relations Act, Hungdah Chiu ed., China and The Taiwan Issue, Selected Documents 35, Section 2 - (6). PP. 266-67.
5. Gene Hsiao, Michael Witunski, ed., Sino-American Normalisation and Its Policy Implications. Praeger, 1983, PP. 87-93.
6. RMRB, June 14, 1980. See also FBIS, June 16, 1980.
7. The point obviously contradicted to his earlier campaign speeches of calling for "official" US relations with Taiwan.
8. "Ronald Reagan On US Policy Toward Asia and the Pacific," Reagan for President Press Release, Los Angeles, August 25, 1980. China Post, Taipei, August 27, 1980.
9. Ibid.
10. RMRB, August 28, 1980.
11. Although Reagan's backed away from his promise to re-establish official relations with Taiwan had disappointed the KMT, however, it believed that Reagan treated Taiwan better than Carter did. See David Chou, "ROC-US Political Relations as Seen from the Implementation of the Taiwan Relations Act", ROC-US Relations Under the TRA: Practice and Prospects, Kingyuh Chang ed., Taipei, 1988, PP. 14-39.
12. On Jan. 20, 1989, the day Reagan left the White House, he was interviewed by ABC TV reporters. In response to the question of what was the most significant achievement in his Presidency. His answered was: "I believe we have won the Cold War". See also Reagan's reminiscences, An American Life, London, 1990. PP. 545-556.
13. M. Yahuda, "The Significance of US-Soviet-PRC interactions on Chinese Policy Towards the United States Since 1972". Article presented in June 1989 in Beijing (Draft), PP. 40-42. See also R. Sutter, "The United States (Strategic Policy)", Chinese Defence Policy, Ed. by Gerald Segal & Willian Tow, 1984, PP. 205-206.
14. Li Shenzhi and Zi Zhongyun, "The United States: Staddling Two Boats", 1985 Symposium on "Taiwan in the Next Decade: Western Interests and Options", Atlantic Council of the United States. The article reprinted in Taiwan Studies Quarterly, Chinese Academy of Social Sciences, Beijing, No. 1, 1988, PP. 5-6.
15. Martin L Lasater, Policy in Evolution: The US Role in China's Reunification, Westview Press, 1989, P. 55.
16. Ibid.

17. A. Doak Barnett. The FX Decision -Another Crucial Moment in US-China-Taiwan Relations. Brookings Institution, 1981, P. 12.
18. There were also two groups of Congress members in regarding to their pro and con opinions on the FX deals, detailed discussion see A. Doak Barnett, The FX Decision: Another Crucial Moment in US-China-Taiwan Relations, (Washington, D.C., Brookings Institution, 1981). Concerning General Haig's position over the issue of arms sales to Taiwan, which as Reagan and Haig both revealed later, was very different from that of the President himself and other top officers in Washington. for details see Alex. Haig, Caveat: Realism, Reagan, and Foreign Policy, (London: Weidenfeld and Nicolson) 1984, PP. 194-217.
19. See International Herald Tribune, June 22, 1981.
20. Xinhua, FBIS, June 10, 1981.
21. See "Letter from President Reagan to Vice Chairman Deng Xiaoping, April 5, 1982". Documentary Supplement, China Post, Taipei April 12, 1982.
22. Deng's interview to Hong kong Baixin Monthly Magazine, August 1981, P.23.
23. Xinhua, FBIS, October 30, 1981.
24. RMRB, December 31, 1981.
25. RMRB, August 17 & 18, 1982.
26. US-PRC Joint Communique, August 17, 1982. Paragraph 6.
27. S.I. Hayakawa, "Ambiguity: The China Syndrome", New York Times August 30, 1982.
28. The U.S. government made various ambiguous interpretations of the agreement. Reagan's personal involvement in interpreting of the document, for example, claimed that the Communique was a very carefully worked out deal, and that the US did not give an inch to the Chinese on the Taiwan issue. [See Reagan's interview with the Human Events newspaper, February 26, 1983, P. 19.] The US Assistant Secretary of State, John Holdridge, in his testimony to the Congress, explained that "after the signing of the Communique, Taiwan has never been more secure". [US Congress, House of Representative, Committee on Foreign Affairs, China-Taiwan: United States Policy (Washington, D.C., GPO, 1982), PP.2-29.
29. Zili Wanbao [Independent Evening News], August 19, 1982.
30. M. Yahuda, Op.cit., P.40.
31. Ibid.
32. M. Lasater, Op.cit., PP. 94-96.
33. New York Times, February 23, 1983.

34. Paul Wolfowitz stated at House of Representatives, Committee on Foreign Affairs, Subcommittee on Asian and Pacific Affairs, February 28, 1983. Full statement reprinted in Free China Journal Taipei, March 15, 1983.
35. George Shultz, "The US and East Asia: A Partnership for the Future, US Department of State, Current Policy, No. 459, March 5, 1983, P.3.
36. M. Yahuda, *Supra*, P. 40 & Note 35.
37. When Deng Xiaoping asked Mrs. Thatcher to bring a message to Reagan concerning "the US should do something to assist China's reunification", the three-point policy which the US upheld throughout the 1980s, was made clear to the PRC. In October 1985, during his trip to China, George Bush, then Vice President, repeated the non-involvement policy.
38. Hungdah Chiu, "The United States and the Sino-British Negotiation", The Future of Hong Kong, 1987, P.11.
39. "U.K. and China Reach Agreement on Hong Kong", Department of State Bulletin, November 1984, P.56.
40. "Mrs Thatcher's trip to Washington; Chinese Communist's trick on Reagan", United Daily News(Overseas Edition), Taipei, Dec. 27 1984.
41. See Hungdah Chiu, "Hong Kong Agreement and American Foreign Policy", Issues and Studies, June 1986, PP.76-91. See also Dennis Van Vranken Hickey, "America's Two-Point Policy and the Future of Taiwan", Asian Survey, Vol. XXVIII, No.8, August PP. 881-896.
42. M. Yahuda, *Op.cit.*, P. 43.
43. See Xinhua, FBIS-Soviet Union, July 29, 1986.
44. The three obstacles are 1) Vietnamese occupation of Cambodia, 2). the Soviet Union's invasion of Afghanistan, and 3). Sino-USSR border conflicts.
45. Gorbachev's speech at Krasnoyarsk in Sept. 1988 in respect of Soviet foreign policy towards East Asia has reconfirmed that the Soviet Union is seeking more friendly relationships with the PRC.
46. Deng's interview with Mike Wallace of CBS on Sept.2, 1986. (referred to Note 1.)
47. M. Lasater, *Op.cit.*, PP. 161-3.
48. *Ibid.*
49. For example, when Bush was sent by Reagan to visit Beijing in Oct. 1985, a very strong worded article appeared in Beijing Review criticising Washington on its reunification policy. See also Deng Xiaoping's comment which quoted at the beginning of the Chapter.

50. Mark P. Pratt, "The Future of Taiwan" paper presented at the conference on Major Current Issues in East Asia, St. John's University, New York, Oct. 24, 1985. See Lasater, Op.cit., P.168.
51. Meiguo Yuekan [America Monthly], Taipei, No.13, May 1987, P. 115.
52. To show his good will, soon after he took office, Bush made a trip to China. When he met the Chinese leaders in Beijing, Bush was greeted by his hosts and was told that "You know China well. We sincerely welcome you as an old friend of China.....".
53. John Cooper, China Diplomacy The Washington-Taipei-Beijing Triangle, Westview Press, 1992, PP. 16-20.
54. John Copper, "The Taiwan Relations Act: A Ten Year Record", ROC-US Relations Under the Taiwan Relations Act; Practice and Prospects, Ed. by Kingyuh Chang, Taipei, 1988, PP. 6-7.
55. Harvey Feldman, "A New Kind of Relationship: Ten Years of the Taiwan Relations Act", A Unique Relationship: The United States and the Republic of China Under the Taiwan Relations Act, Ed. by Ramon H. Myers, Hoover Institution Press, 1989. PP. 33-40.
56. Yang Shangkun stressed this point in an interview with author in August 1988.
57. Many other countries followed the US in reinstating Taiwan's representatives to diplomatic status, while their severance of official ties with Taipei still remains.
58. Robert Downen, "Tattered China Card", The Washington Post, March 23, 1983.
59. Richard Bush, "Helping the Republic of China to Defend Itself" Roman Myers, Op.cit., P. 100.
60. No other than a country can be accepted as full member of the ADB. Hong Kong, for example, is only an observer.
61. David S. Chou, Op.cit., P.37.
62. Ibid.
63. Liaowang [Outlook Weekly], Beijing, No. 20, May 8, 1986. P.8
64. Republic of China in Figures, Directorate General of Budget Accounting & Statistics, 1989, P. 9.
65. Ibid. P.10.
66. Refers to the Taiwan Relations Act.
67. David Chou, Op.cit., P.38.
68. "The KMT's Logic of the ROC-US Interdependent Relationship", Weekly News Letter of the DDP, Taipei, No. 84, Nov. 21, 1987, PP. 5-6.

69. Taiwan Communiqué, Amsterdam, No. 30, May 28, 1987, P.13.
70. News Letter from Formosan Association for Public Affairs. June 16, 1987, P. 2.
71. From the PRC's point of view, the US positive attitude towards Taiwan/mainland reconciliation was, partly, in responding to Deng Xiaoping's request for the US to help China to solve the Taiwan issue and, partly, to maintain US influences on the issue.
72. After Tiananmen Square event in June 1989, Beijing reverted its hard-line policy.
73. There are some other pragmatic adaptation options have been discussed. see Simon Long, Taiwan: China's Last Frontier, London, 1991, PP. 227-245.
74. H. Kissinger's speech at the University of East Asia, Macao, 5th March, 1987, and his meeting with Xu Jiatun, the Director of Xinhua News Agency, Hong Kong Bureau, 4th March 1987. See Renmin Ribao, 7th March.

CHAPTER 7 : TAIWAN'S RESPONSES TO THE POLICY OF
ONE COUNTRY TWO SYSTEMS 1979 - 87.

"Influenced by the Chinese Communist stratagems, some people have made free China an issue - the so-called 'Taiwan Issue' which has caused potential instability in the East Asian area. This is putting the cart before the horse..... The Republic of China on Taiwan has achieved progress, prosperity and stability under the ideals of our founding father Dr. Sun Yat-sen Our people here, enjoying a modern life of freedom, democracy and happiness will never accept the Communists' proposal of the so-called One Country Two Systems model. Most importantly, the ROC on Taiwan is always a constructive member of the international community, therefore we are neither a problem nor an issue in the arena of world politics." (1)

.....Chiang Chingkuo, January 1987

Chiang Chingkuo's proclamation was designed to suggest that those who were concerned with the future of Taiwan have been misled by Chinese Communist propaganda. The PRC's proposal over peaceful reunification with Taiwan has, indeed, led some people to think that the obstacles to the resolution of the Taiwan issue come from Taiwan's intransigence. The KMT argued that Beijing's manoeuvre in changing tactics was, in fact, another form of the Communist struggle; an attempt to defeat the ROC on Taiwan without fighting a battle. Taipei authorities, therefore, had to find ways of resistance to the CPC's peaceful offensive.

A. THE KMT'S OFFICIAL ATTITUDE TOWARDS
"ONE COUNTRY TWO SYSTEMS"

The first reaction of the ROC on Taiwan to the PRC's overture for reunification under the policy of "One Country Two Systems",

was outright rejection. But the peaceful initiative has placed the government of Taiwan under great pressure. Not only would it be difficult for the authorities to continue indefinitely refusing to negotiate, but, also, should they consider any negotiation, they would lose their so-called "Fatong" (legal continuation). (2) "Fatong" was used by the KMT as an unassailable excuse for retaining power without the consent of the people of Taiwan. Furthermore, they fear that the slightest flexibility towards the Communists would shake the political foundation of the anti-Communism stance on which their rule has been built for the last four decades. Initially after 1979, the ROC government on Taiwan gave an impression of inconsistency and confusion in its position on the proposal for peace talks, and then changed to adopt its new strategy vis-a-vis the problems caused by the "One Country Two Systems" proposal.

WHY TAIWAN REJECTED THE PRC'S PROPOSALS

In an interview with the U.S. Newsweek International, Chiang Chingkuo frankly responded to the question "Under what conditions would it be possible to begin talks and/or negotiations on peaceful reunification with China?" His answer was:

"In the Communist lexicon, negotiations are another type of war. When the Chinese Communists cannot subdue us with guns, they will turn to negotiations to divide our ranks and create opportunities for our destruction. The unification of China will be possible only when the Communist regime and system have disappeared from mainland China". (3)

This uncompromising attitude was maintained for some years

after Beijing had moderated its attitude. Nevertheless, it has been persistently reported that Taipei and Beijing do communicate privately. (4)

The Nationalists constantly claimed that they had had long experience in dealing with the Chinese Communists and understood the nature of Communism. The official statements supplied several reasons and principles for the refusal of the PRC offer of peaceful negotiations. They did not believe that Taipei and Beijing possessed any common basis for talks, since both strongly maintain their ideological standpoint. The KMT then insisted that "Unless the CPC could accept Dr. Sun Yat-sen's policy and ideology of 'San-min-zhu-yi', (the Three Principles of the People) in the whole of China, there will be no chance that the ROC leaders will sit at the same table with them to discuss the matter of unification." (5) Because under Sun's principles as guideline for nation-building, Taiwan has developed into a free and prosperous region; while the Chinese mainland under Communism has, in sharp contrast, become a land where people suffer misery from poverty and dictatorship, and that as a result, the people on the mainland have lost confidence in Communism. (6)

Moreover, Taipei has repeatedly claimed to be the sole legal government of the whole of China, despite being, in reality, control of Taiwan only. The KMT is far from willing to accept an arrangement that would turn it into a local government under the PRC. Those tired, yet familiar slogans, such as "liberate Taiwan by force", "Peaceful liberation of Taiwan", "democratic transformation of Taiwan", "a third co-operation between the KMT and the CPC", "party to party talks on a reciprocal basis", and the most

recent Hong Kong Model, were all regarded as plots. For decades, the CPC's tactical political struggles indicated that Beijing intends to eliminate the KMT and to annex Taiwan by keeping it as a province or a Special Administrative Region. Nevertheless, the KMT has tried hard to retain power on Taiwan, and will not submit to any plan which would tie its hands.

In particular, the KMT foresaw many serious problems, should it have agreed to start negotiations with Beijing.(7) The first difficulty concerns the legitimacy of its claim to be the sole legal government of China. Since the international community withdrew recognition in the 1970s, such legitimacy hardly exists; but the myth is still vital to the KMT government in dealing with internal politics in Taiwan. Internationally, Taiwan has been gravely isolated, due to the PRC's high profile of forcing the vast majority of countries in the world to cease their formal relations with Taiwan. Intranationally, the CPC has, however, failed to convince the people on Taiwan that a peaceful solution of the Taiwan issue will be beneficial for most of them. At the same time there is a fear on the island that the KMT might make a deal with the CPC in the interests of Chinese unity, and thereby betray the local population.(8) Hence, if the KMT leaders were to start talks with the CPC, Taiwan could be destabilised rapidly. The government in Taipei, therefore, has been mindful of the potential explosiveness of the issue.

The second problem which worried the KMT and which had been regarded as its Achilles heel, was the fear that peaceful talks might dismantle Taiwan's defence capability. Once negotiations were to start, the impression that tension in the Taiwan Straits

had been reduced would be created and there would no longer be a necessity for the US to sell defensive arms to Taiwan, as provided under the TRA. The PRC would then be in a stronger position to demand that the US and other countries do not sell advanced arms to Taiwan. Eventually, if Taiwan's defensive strength should be weakened, the PRC might risk a military adventure.

The third possible crisis was the danger to Taiwan's economic stability should negotiations begin. Hong Kong suffered from economic disturbance and agonising uncertainty during the Sino-British negotiations of 1982-84. In the case of Taiwan, it could be worse, as there would be no country to act as Taiwan's protector, in the way the British government protected Hong Kong. Foreign investment and local capital would certainly move to other parts of world. Emigration and a brain drain would be inevitable.

The fourth reason for the Taipei authorities refusing direct talks with Beijing was that they did not trust in the Communists to keep the promises implicit in the conditions the PRC has offered i.e. Ye Jianying's Nine-Point proposal and Deng Xiaoping's Six-Point assurance for "One Country Two Systems". Some people in Taiwan, however, argued that this policy was perhaps the best they could expect and they should consider it more carefully, provided Beijing could honour its commitments. But, the case of Tibet suggested that as circumstances changed, Beijing might break its word, and it also suggested that the proposal of One Country Two Systems could be a trap. According to the Agreement signed by the PRC and the Tibetan in 1951, on the peaceful liberation of Tibet, the Chinese would not alter the existing political system in Tibet and would not change the established status, functions and

power of the Dalai Lama.(9) Tibet was given only "titular" autonomy, following Beijing's exerted pressure on it to undertake socialist transformation. Consequently, a mass uprising broke out in 1959. This is a painful example of peaceful talks producing negative results.

The fifth reason for the KMT's refusal to talk with the PRC, has been Beijing's repeated claim that the Taiwan issue to be solved according to the Hong Kong formula. As was discussed in chapter 5, the differences between the issues of Hong Kong and Taiwan made the Sino-British solution inapplicable. Hong Kong is a colony and Taiwan has its own government to conduct internal and external affairs. Furthermore the latter has a strong defence capability to deter Communist "invasion" and Hong Kong has none. As a colony the fate of Hong Kong is in the hands of the British, Taiwan, however, is still very much like an independent state, although it has suffered from official de-recognition in the international arena in the last two decades. Last but not least, with the Taiwan Straits as a natural barrier, Taiwan is not under such immediate threat from Beijing as is Hong Kong. Therefore the KMT could reject the CPC's demands.

Finally, after four decades of authoritarian rule by a semi-Leninist style party, the KMT, a considerable democratisation in Taiwan had at last emerged in the late 1980s. The change in the power distribution restrained the KMT government from freely handling vital issues such as unification without consulting the majority of people in Taiwan. After the authoritarian leaders, Chiang Kaishek and his son Chiang Chingkuo, disappeared, no one had the power to bring this sensitive issue openly on to the

table for negotiation with the long-term archenemy. Not until a representative government to be democratically elected by the people of Taiwan, or the issue to be confirmed by a referendum, the chance to negotiate the future relations of Taiwan with the PRC would appear.

KMT'S COUNTER-OFFER TO THE REUNIFICATION

Although the above mentioned problems and anxieties have prevented direct negotiations between the KMT and the CPC, some subtle, yet important, shifts in the KMT's "Mainland Policy" have been implemented in the past few years. The Taiwan authorities have developed their policy towards Beijing's peaceful offensive in several counter-offers.

First, in rebuffing the NPC Standing Committee's "Message to Compatriots in Taiwan", the KMT offered the defensive strategy of the so called "No contact, No negotiation, and No compromise" (10) In the first two years after the KMT formulated the "Three Noes" policy, any one who mentioned the unification issue in Taiwan was accused of "Wei-fei-xuan-chuan" (pro-Communism propaganda), and faced punishment. (11)

But the "Three Noes" policy was condemned by many overseas Chinese communities and foreign countries as too negative to meet the new international situation in East Asia. As a result, the KMT regime was seen as unreasonable and stubborn. When the KMT's 12th National Party Conference convened in March 1981, it recognised that its inflexible policy could damage its "National Images" [Guo Jia Xingxiang] and therefore started to re-adjust its defensive attitude towards the PRC's proposals. The Premier of the ROC, Sun

Yunsuan, in his political report on "The Current National Policy for Unification", then suggested :

" In keeping with the aspirations of Chinese at home and abroad, our party has proposed unifying China on the basis of the doctrines and advocacies of Dr. Sun Yat-sen, (because) developments on the two sides of the Taiwan Straits during the past 30 odd years have proved that the 'Three Principles of the People' are suited to the national development of China. It can also solve the China problem and assure the freedom, affluence and happiness of the Chinese people. Therefore I call for unifying China under the principles of San Min Zhu Yi"(12)

The above argument, represented a new KMT strategy using the moderate-sounding slogan of "Unifying China under the Three Principles of the People"(Sanmin Zhuyi Tongyi Zhongguo) to "decorate" its hard-line policy of "the Three Noes". The KMT proposed these ideals of Dr. Sun Yat-sen, as a basis for a future settlement of China's unification because, since 1979, the Chinese Communists had often expressed their respect for Dr. Sun, and regularly held celebrations on the "Double Tenth Day" - the KMT's National Day.

In September 1984, when the Sino-British Agreement on the future of Hong Kong was completed, the KMT, still took its hard-line stance, declared that "all treaties and agreements made by the unlawful regime of the CPC bandits, will be regarded by the Government of the ROC on Taiwan as null and void."(13) However, under growing pressure from local Taiwanese for further political democratisation, Chiang Chingkuo delivered an important message of major party reform and to review his mainland policy in March 1986. He claimed: "Times have changed, currents have changed, and our ideas and actions must change accordingly."(14)The phrase has thereafter, become a catchword for all promoters of new mainland policies and domestic reform programmes in Taiwan. To prove that

"ideas and actions have changed", Chiang lifted Martial Law which had been in force since 1949. Meanwhile, Taiwan residents were permitted for the first time in nearly four decades, to visit relatives on the Chinese mainland via a third country. The people of the mainland over 70 were later allowed to visit relatives on Taiwan. Participation in international activities in the scientific and cultural fields, where the participants of Taiwan could be seen sitting side by side with representatives from Beijing, were also endorsed.

After the death of Chiang Chingkuo in January 1988, Taiwan and mainland communications were extended in many other respects. In July 1988, the KMT government drafted "the Current Mainland Communication Regulations" as a guideline for the management of affairs related to the mainland. Apart from setting up the travel regulations both sides of the Taiwan Straits, it also opened and legalised unofficial people-to-people communications in the fields of trade, investment, sport, publications, movies and academic exchanges.(15) Although Taipei still upheld the principle of no direct negotiations on the official level, the principles of no compromise and no contact proved impractical to implement.

According to records revealed in Beijing and Taipei, indirect trade increased from US\$ 50 millions in 1979 to US\$ 4.1 Billions in 1989.(16) Hong Kong became the third biggest trading partner of Taiwan. Since the PRC claims that Taiwan is part of China, imports from Taiwan were not considered international trade, but "Chinese products transferred from one place to other areas in the country".(17) Therefore all Taiwanese products were treated as locally manufactured goods with a special tariff. When travel to

the mainland was permitted, many travellers were involved in some sort of trading or investment business. Taiwan became the biggest "foreign" investor in mainland China.(18) The PRC government has directly benefited by more than \$ 2 Billions of hard currency from the people of Taiwan who visited China in the year of 1989 along.(19) "Tai Bao" (the Taiwan compatriots) who were taunted as "Qian Bao" (Money Bags), could be found all over China.

The most sensational move taken by Taipei was sending Shirly Kuo, the Finance Minister, with a delegation of nine (including the President of the Central Bank, a Deputy Foreign Minister,) to Beijing for the annual meeting of the Asian Development Bank in May 1989. Kuo was the first official of the KMT government to set foot on the mainland since 1949. It was strongly rumoured that the PRC was planning to take the opportunity to demonstrate that the Taiwan authorities had abandoned the "Three Noes" policy and would eventually accept the model of "One Country Two Systems".(20) But when the Taiwan delegates arrived in Beijing, several hundred thousand students were occupying Tiananmen Square and the PRC leaders were in no mood, nor did they have the time, to pursue their propaganda purposes. Taipei, for its part, took the opportunity to argue that the CPC was being spurned by its own people, and should give up the "Four Cardinal Principles" as the basis for unification.(21)

Chiang Chingkuo's successor, Li Denghui, a native Taiwanese, became President of the ROC in Jan. 1988. In a certain sense, Li is in a better position to deal with Beijing's proposals on the Taiwan issue than was Chiang. That is because not only has Li less historical involvement with the CPC, but also he will not be

accused of betraying the local population. At his first press conference after taking office in Feb. 1988, when he was asked about the national reunification issue, Li deliberately avoided mentioning the policy of "Three Noes". Instead, he asserted that future Taiwan-China relations should be concerned with the people of the ROC's interests as the first priority. He also rebutted the CPC's peaceful proposal which stated that the possibility of using military force against Taiwan would never be surrendered. Li argued: "if the Chinese Communists' overture of peaceful talk is sincere, why do they not solemnly renounce the use of force against the people of Taiwan. Otherwise how can people believe that peaceful negotiations will bring a peaceful life." (22) A few months later, on his first formal state visit to Singapore, the international press describing Li as "a President from Taiwan". He responded that it was "unsatisfactory, but acceptable, to be called the Taiwanese President". (23) It seems obvious that Li's flexible and practical attitude towards future relations with PRC could certainly reverse the disadvantages of the rigid & negative anti-Communist policy of the KMT.

When Li Denghui agreed to his Finance Minister attending the ADB annual meeting in Beijing, he instructed his Foreign Minister Lian Zhan to review the feasibility of the policy of "One Country Two Governments". Lian, also a native Taiwanese, was a notable and active supporter of the Taiwan independence movement in the US whilst reading for his advanced degree in the late 1960s. Lian looks to the West for inspiration, and unreservedly proclaims: "Our government's wishful hope is that foreign countries may yet recognise both us and the CPC on the mainland..... rather as they

do the two Germanies." (24) Although the PRC was unhappy about the new initiative of "One Country Two Governments" from Taipei, it did not threaten the KMT with military might. Interestingly, the PRC was more concerned about another political proclamation made by Taiwan's opposition party, the DPP, which suggested holding a plebiscite to decide Taiwan's future relations with the mainland. The PRC sees Taiwan self-determination and Taiwan independence as synonymous, which challenging the basis of territorial integrity and sovereignty.

As has been analysed, Taipei's response to Beijing's olive branches of the last decade was rather cautious. The KMT has conducted its relations with Beijing strictly on the following principles: 1). Limited adjustment: The official statements have never abandoned the basic guideline of "Three Noes", although at the non-official people-to-people contact was permitted. 2). Careful selection of areas of openness: Only those dealings with the mainland are allowed, which could not directly jeopardise the KMT's rule and the security of Taiwan, i.e., indirect trade, individual trips to visit relatives on the mainland and cultural and sports contacts. 3). Step by step build-up of its informal relations with Beijing: The strategy pursued by the KMT is to take one small step, then wait until it is safe to take another; from the sidelines to the main stream; from one-way to dual inter-communication. 4). The retention of its defensive position vis-a-vis the Chinese Communists. Unless it could foresee a clear advantage, the KMT would never initiate a new policy to change existing Taiwan-China relations.

B. TAIWAN'S FOREIGN POLICY AND ONE COUNTRY TWO SYSTEMS.

The PRC's foreign relations were marked by a triumphant expansion in the 1970s, ranging from admission into the U.N. to the normalisation of relations with the United States. The de-recognition of the ROC by the US government was a decisive victory for Deng Xiaoping's new open door policy, initiated after his rehabilitation. From the viewpoint of international politics, the policy of One Country Two Systems is a continuation of the anti-Taiwan strategy of the PRC.(25) On the one hand, the PRC, tried to show its intention to compromise on the Taiwan issue, on the other, it fought stubbornly in the international arena to stifle Taiwan's external relations. It is clear that while making efforts to expand its foreign relations, Beijing has never overlooked the aim of eventually gaining control over Taiwan by means of cutting its international connections.

This intention of the PRC is suggested by its unwillingness to tolerate any formal relations between Taiwan and countries which establish diplomatic relations with Beijing.(26) Moreover, foreign governments have had to recognise the PRC as the sole legal government of China or at least acquiesce in Beijing's claim to sovereignty over Taiwan. Although the question of diplomatic recognition was not essential in a number of international organisations,(27) the PRC seems always to have insisted that its participation in the organisations is subject to the expulsion of the ROC. Faced with the great challenge from the PRC, an alterna-

tive effort for developing unorthodox bilateral relations with countries by which it is not recognised diplomatically, was made by the Taiwan authorities.(28) The PRC government then repeatedly announced to the rest of world that China would not tolerate any country maintaining official or semi-official relations with Taiwan after it had established formal diplomatic relations with Beijing. In other words, the PRC would never stop trying to foil Taiwan's intention of being an independent political entity.

TAIWAN'S FOREIGN POLICY DURING THE CHIANG CHINGKUO PERIOD.

Since the ROC was expelled from the United Nations in 1972, its external relations have been handicapped by the loss of diplomatic recognition. In order to mitigate the effects of diplomatic isolation, the ROC government made concerted efforts to expand its non-political, especially commercial, relations with the rest of world. When dislocations between Taiwan's economic capacity and its political status became acute in the 1980s, the KMT had no other option but to adopt a less ideologically rigid foreign policy to meet the international reality.

1. A re-definition of the "One China" Principle.

In the 1970s, the ROC suffered gravely from diplomatic setbacks, mainly because it adamantly insisted that she was the only authentic representative of all the people of China, a stand which the world community regarded as unrealistic. During the period when the US resorted to the containment policy against the PRC in the 50s and 60s, the "One China" policy did provide a good reason for the KMT to claim, with justification, to govern Taiwan predominantly with people from the mainland. The justification would

disappear, should the ROC government claim to represent only the territory it controls. Throughout the 1970's, the greatest dilemma for the KMT leaders was how to maintain its international identity without changing its "One China" policy.

The Sino-US diplomatic normalisation and the PRC's peaceful negotiation proposal came on the same day, Jan. 1, 1979. Not only did the KMT government experience the utmost frustration, but it was also forced to review the rigid "One China" policy. Although the KMT regime explicitly rejected the concept of "Two Chinas" or "One China, One Taiwan", in his response to the Joint Communiqué on the establishment of diplomatic relations between the US and the PRC, Chiang Chingkuo made an important recommendation of Five Principles for conducting US-ROC relations in the post normalisation era. These five underlying principles include "reality, continuity, security, legality and governmental relations".(29) Instead of again claiming the KMT regime as sole legitimate ruler of the whole of China, Chiang clarified the five principles, in the light of the KMT's expectations for future ROC-US relations, as follows;

"...The complex nature of the activities of mutual interest to our two countries (the ROC and the US) makes it impossible for them to be carried out by any private organisation or individual. To facilitate the continuation and expansion of all relations between our two countries, it is necessary that government-to-government level mechanisms be set up in Taipei and Washington. This model alone can serve as the framework on which the future relationship of our two countries can be conducted."(30)

This was the first time the ROC government asking for retain "official" (government-to-government) relations with a country which had abandoned it to establish diplomatic relations with the

PRC. When the US Congress later enacted the Taiwan Relations Act, the semi-official relations between Taipei and Washington were enshrined in the articles of the Act. For practical purposes, a "One China and Two governments" formula shapes US policy by which Taipei-Washington relations are maintained and which functions under the TRA. Since then the Taiwan authorities have not insisted that the ROC is "the sole legal government of China" when developing its external relations with other countries with which it has no diplomatic connections. The main task of Taiwan's foreign policy became the promotion of its practical governmental relations with states that did not recognise it diplomatically.

2. Taking positive measures to up-grade Taiwan's international status as an independent political entity.

From very beginning, the negative "Three Noes" policy towards the PRC was not applied to relations with foreign countries or international organisations. In international affairs, Taipei took a "No Keep-off, No Evade, and No Give-up" policy to confront the PRC's diplomatic pressure. (31) As a result, both Taiwan and China participated in the 1984 Olympic Games in Los Angeles. Although Taipei was forced by the World Olympic Committee to take the name of "Chinese Taipei" and its flag and national anthem were banned in the games, the Taipei authorities, nevertheless, endured the humiliations, in order to show the world that the ROC on Taiwan was still an independent political entity. Substantially, the name of the "Taipei" team was less important than having the same rights as the other hundred and sixty two members to contest in the Olympic Stadium. (32) Such device for keeping the status of Taiwan equal with that of China in international activities has

been a primary concern of the Taiwan government in the 1980s.

On the issue of whether to join new institutions or to retain its membership of some of the more politicized organisations, the KMT government technically adopts some expedient measures. For instance, in 1986 the ADB Executive Committee accepted the PRC's application to join the ADB. Taipei was informed that it could either remain in the ADB but change its name from the Republic of China to "Chinese Taipei" or be expelled. The Taiwan authorities did not make a swift decision. Instead, they challenged the ADB Executive Committee's right to invent a new name for a sovereign state and founding member of the Bank. The Executive Committee replied to the KMT that "Chinese Taipei" was not invented by the the ADB, as it had been used internationally (e.g., at the Olympic Games). Taipei then claimed that the Olympics is a non-official organisation, but that only an independent state would have the right to attend the ADB. The KMT government regarded the "Chinese Taipei" device as a plot recommended by Beijing to make Taiwan appear to be a local government under its proposal of One Country Two Systems and as such it was utterly unacceptable.(33) To protect at being treated unfairly, Taipei absented itself from the ADB annual conference for two years. But soon after President Li Denghui came to office, he suggested that the ROC should return to this important international organisation and "Chinese Taipei" was, since 1988, tacitly accepted as the ROC's alternative name in the ADB.

3. Economic Strategy as an instrument of Taipei's Foreign Policy.

Being the tenth largest trading state and the second biggest foreign exchange reserve country in the world, Taiwan's economic

proress has its international advantage. The leaders in Taibei believed that a totally different economic system would make the integration of Taiwan by their Communist rivals more difficult. The widening of the economic gap between the two areas would also be less beneficial for Beijing. Furthermore, it would be more difficult for the PRC to interfere with economic than with political relations. A great proportion of economic relations are not always necessarily directly operated by governments. Disguised under the "unofficial" orientation, the economic strategy would be less vulnerable to an "official" China on the mainland, challenge to Taiwan's new foreign policy.

In a conventional sense, the term diplomacy normally refers to either the process by which governments, acting through official agents, communicate with one another, or the modes and techniques of foreign policy affecting the international system. By implication, therefore diplomacy may be regarded as the art of state-to-state (government-to-government) interaction. In the contemporary world, however, these characteristics have gradually been attenuated by the emergence of growing international economic interdependence and an increasing volume of transnational commercial activity.

Since the late 1970s, Taiwan has adopted economic diplomacy as a rather unorthodox approach to conducting its foreign affairs. As Chiang Chingkuo admitted :

"..... we are doing our best to maintain relations with friendly countries and to expand in various ways our substantial relationships in the international community.....Our strategy is to forge the political, economic, spiritual and other forces of our country into a strong combat entity." (34)

Another top officer in the Department of Foreign Affairs also pointed out "In my thirty years of diplomatic service, diplomacy has seemed mostly concerned with trade, economic exchanges, and similar business, so even though we cannot prevent the continued erosion of official relations we can replace them with substantive unofficial relations." (35) Consequently, Taiwan's international trade and economic exchanges became the essential features of its external relations, replacing to a substantial degree, the traditional form of diplomacy.

TAIWAN'S FOREIGN POLICY IN THE POST CHIANG CHINGKUO PERIOD

Throughout the period of Chiang Chingkuo's rule, Taiwan did not openly give up its long-term policy of "Anti-Communism and Mainland Recovery". But owing to internal and external pressure, a year before his death, Chiang finally announced major political reform. The proposals for the reform, outlined in six main areas, later allowed his successor, Li Denghui, to take a rather free hand in adjusting Taiwan's foreign policy. (36)

Despite embarking on certain new approaches to the expansion of external relations, no real break-through had been achieved in Taiwan's foreign relations before 1988. Apart from a handful of countries such as South Korea and South Africa, none of any other influential countries retained formal relations with Taiwan. Nonetheless, since Jan. 1988, following Chiang Chingkuo's demise, formidable obstacles to foreign diplomatic development have been removed. Two months after his inauguration, President Li Denghui broadly stated his government's future policies for improving Taiwan's external relations and domestic politics. (37) When asked

about the ROC's new strategy for overcoming the problems of its isolation, Li replied frankly: "It would be inconceivable for us, simply to advocate an empty promise, or a remote dream to tackle current issues. In the future our foremost foreign policy concern will be the interests of our people".(38) Unlike his predecessors, Li Denghui supports participation in international activities which, he thinks, will be more likely to lead Taiwan back into the world community. Li believes his government should try its best to rejoin or remain in international organisations if possible. With this fundamental change in the strategy for foreign relations, "the spectre of Fatong" which dictated the outmoded One China and anti-Communist diplomacy, will gradually lose its importance as a factor dominating Taiwan's external relations.

Furthermore, a testing proposal was made by Wei Yung, the Director of the National Policy and Research Council, that the ROC government was ready to consider the possibility of "Cross Recognition" with those countries with which the Chinese Communists have formal relations. Wei said "Both West Germany and South Korea are able to have diplomatic relations with the vast majority of countries without being handicapped by the problem of national division. That is because they have separated the issue of national reunification from that of diplomatic recognition. Although the situation in Taiwan is a little different from that in other divided nations, it is still valuable for us to look into how the Germans and Koreans handle the issue of cross recognition and dual representation."(39) According to Wei, dual recognitions would not necessarily destroy the principle of One China, neither was the sovereignty of the nation overridden, simply because,

before the conditions for unification are "ripe", the governments of either side in a divided country should have equal rights to build their external relations with other states. The purpose of Wei's proposition, indeed, was to find a rationale to justify the government's new foreign policy and to ease the attacks from the conservatives inside the Kuomintang.

To strengthen its international influence, Taiwan set up a one billion dollar "Overseas's Economic Co-operation and Development Foundation" in October 1988.(40) Third World developing countries will have priority in obtaining grants from the fund. In 1989, sixteen countries received economic aid from Taiwan and three African and Caribbean countries, Liberia, Belize, and Grenada established or re-established diplomatic relations with Taiwan. As the PRC will only allow Taiwan to be considered a local administrative region of China and to retain non-official relations with other countries, it responded promptly by terminating diplomatic ties with the aforementioned countries.(41)

The other important move that Taiwan took was to expand its economic relations with the Socialist bloc countries, including the former Soviet Union and Vietnam. It is true that hitherto Taiwan had consistently and adamantly opposed Communism at home and contacts with Communist states abroad. Chiang Chingkuo took his father's view that "Internally the ROC government should never compromise with the Chinese Communists. Externally they should never approach the Soviet Union. This is like two security locks, as long as we lock the doors and hold the keys tightly we are safe".(42) It is thus evident that dealing with Moscow was a contentious issue in Taiwan's foreign strategy.

When Li Denghui approved Taipei's direct contacts with Moscow in Oct. 1988, there was an acrimonious debate on the subject.(43) The most influential figure in Taiwan's foreign policy in the last three decades, the Chief Secretary of the President's Office Shen Chanhuan, disagreed with Li, and was then forced to resign. Indeed, Taiwan had to be rather cautious in dealing with Moscow, delicately avoiding any possibility of up-setting Washington and Beijing. At that time, even a slight change in the attitude of the US towards Taiwan, or any suspicion in Beijing of the motivation behind the Taipei-Moscow contact could cause unnecessary damage.

In December 1989, Taipei put aside the principle of the One China policy and took a big step forwards towards assuming the status of a "de facto" independent political entity. In applying for re-entry into the international organisation of the General Agreement on Tariffs and Trade (GATT), instead of using its official title of the ROC, it opted a new title "Taiwan, Penghu, Kinmen and Matsu" (the actual territory it controls) for the "GATT Custom's Operation Zones".(44) The Minister for Foreign Affairs commented: "Let the political football of the One China debate be in the court of the mainland. So long as we are politically stable, economically prosperous and military solid, no one can ignore us or deny our existence, no matter by what name we are called."(45) In the early 1960's, Chiang Kaishek explained his strategy for mainland recovery as "Thirty Percent Military Might, and Seventy Percent Political Counter-attack."(46) The slogan proved futile as an attempt at anti-Communist propaganda and was, in reality, just a fantasy of empty words seeming to promise a return to the mainland. At the end of 1980s, however, the new

slogan of "Thirty Percent Political Challenge and Seventy Percent Economic Counter-attack", initiated by Li Denghui, could be more meaningful as a framework for resisting the pressure of the PRC's peaceful offensive.

C. ONE COUNTRY TWO SYSTEMS AND TAIWAN'S SELF-DEFENCE STRATEGY

In the 1980s, despite the PRC's repeated claim that it would prefer to solve the Taiwan issue by means of negotiations under the formula of One Country Two Systems, leaders in Beijing, however, never concealed their intention of using force if necessary to achieve China's unification. Why should the Chinese Communists have to take these sharply contrasting measures of offering their "beloved compatriots" a peaceful proposal to solve their differences, while at the same time maintaining that it would, if the need arose, take the military offensive? The reason is evident: without military pressure, the KMT group and the people of Taiwan would almost certainly not take any notice of the appeal for China's reunification from Beijing. Furthermore having a military option open could mean that the PRC is determined to repulse any attempt by a foreign power to wrest Taiwan from China. As Deng Xiaoping told Professor Lee Yuan-che, a Taiwanese Nobel laureate, "If we do not exert a little bit of military pressure on that handful of deviationists who choose to serve foreigners and prefer our country to be divided, one day Taiwan may again be taken over by foreigners." (47) The KMT did not share Deng's view,

it argued that negotiations were the CPC's other type of war: when the Chinese Communists can not subdue their foes with guns, they then turn to a tactic of talks. The Nationalists, therefore, insisted that they were still facing the uncertainty of potential military threat from the Communists. Commenting on the PRC's peaceful proposal of One Country Two Systems, Taiwan government spokesman, Shaw Yuming stated: "It is undeniable that the Chinese Communist threat to the ROC has up to the present, not diminished in the least".(48) The ROC government, thus, justified itself in finding all possible defence measures to counter the PRC's military pressure.

In response to Beijing's tactics coupling threats with promises, Taiwan's defence strategy in the last decade employed many ploys to ensure its survival. The following three ploys are essential and need further discussions.(49)

1. Retaining the US Commitment to Taiwan's Security

No one would doubt that the firm US military commitment to protect Taiwan in 50's, 60's and 70's was one of the main factors that effectively deterred the People's Liberation Army from a military offensive against the Nationalists and the people of Taiwan. The crucial change in the PRC's language since Jan. 1979 that "it is desirable that the Taiwan issue be solved by peaceful means rather than by armed force" stems largely from the resumption of diplomatic relations between China and the US, the latter having accepted the three conditions for normalisation.(50) Two out of the three conditions actually concern the termination of the US military commitment to the protection of Taiwan. According to the Joint Communiqué on the establishment of Sino-American

diplomatic relations, the US should no more play military role in Taiwan. In practice, however, the TRA confirmed that America would continue to be concerned for the island's safety and would supply defensive weapons to Taiwan. But the US assurances written in the TRA seem somewhat tarnished, if not completely discredited by the third Sino-US Joint Communique, signed on August 17, 1982, specifically stipulating that the US would reduce - and gradually end - arms sales to Taiwan. From the KMT's point of view, the US government could opt either for the rules of the TRA or the agreement of the August 17, Communique, in dealing with the issue of arms sales to Taiwan. "In the long run, how much the US will support the ROC militarily, no one can really tell" one of the KMT legislators warned.(51) In a certain sense, Taiwan's security would have to rely upon the goodwill of the US government and congress, this has gravely worried the KMT and the people of Taiwan.

To highlight the need for continuing US protection, both for the security of the island (indeed the KMT regime on Taiwan), and to serve US strategic interests in East Asia, the KMT has made strenuous efforts to demonstrate that Taiwan still faces mounting military threats from the CPC. It predicated that the PRC's soft peaceful initiatives combined with its hard stand of military intimidation was simply a stratagem to subdue its enemy without fighting a battle. It also suggested that the US decision-makers had been deceived by Deng Xiaoping and his fellow Communists. As a notable pro-KMT commentator, Hu Chiu-yuan, once noted: "So long as the military threat remains, proclaiming that One Country Two Systems formula will eventually disentangle the old complicated

problems between the ROC government and the Chinese Communists is merely a ploy for dismantling the ROC's will to self-defence. Truly, it is no more than a device to pull the wool over naive American eyes on the proposal of the peaceful solution of the Taiwan issue." (52)

In the last ten years, the Taipei authorities have spent most of their time and resources in strengthening relations with the US. Their paramount aim was to secure the American commitment to Taiwan's security which the TRA had pledged. To influence US policy in East Asia, Taipei has funded numerous American agencies to lobby politicians to promote the island's security. (53) Echoing Taipei's arguments, these lobbyists have stressed particularly that the US should not merely emphasise the PRC's "intentions" of a peaceful settlement of the Taiwan issue, rather it must also accurately calculate the "military capabilities" of the Chinese Communists. They warned that outside evaluations of the PRC's intentions were highly subjective and easily changed. Moreover, the US government was often reminded, that if the defence capabilities of Taiwan were greatly downgraded, the Communists might be motivated by their military superiority to attack Taiwan. (54) In order to convince the US government that Taiwan was under serious military threat, the KMT even tolerated, since 1982, such Taiwan Independence organisations as "The Formosan Association in North America", to lobby the US public on support for Taiwanese self-rule and against a PRC take over of Taiwan. Much of the pressure from Congress to the executive department was also to push the US government to honour its promises, stipulated in the TRA of which concerning the safety of the people of Taiwan. (55) Indeed, how to retain US military commitment to protect Taiwan has been a main

strategy for the ROC's Taiwan defence.

2. Developing Taiwan's Self-Defence System.

After the PRC planned to increase its military strength under the scheme of the Four Modernisations, relatively modernised air and naval weapon systems were steadily built-up in the 1980s.(56) On the contrary, suffering from political isolation in the world community, Taiwan found it difficult to gain access to advanced military equipment in order to upgrade its defence capabilities. Some strategists have further pointed out that the total military imbalance between the PRC and Taiwan was, in fact, widening in the past decade.(57) Although under the PRC's peaceful proposal, Beijing promised that Taiwan would be allowed to retain defence force after Taiwan re-unified with the mainland, nonetheless, the PRC government had made concerted efforts to persuade the world community that no country should sell advanced weapons to Taiwan. In many cases, using its advantage in international political status, the PRC had put great pressure on those countries that Taiwan attempted to approach for arms purchasing. Other than the US, and cautious supply of two submarines from Holland, Taiwan failed to buy any substantial defence items from Western powers such as France, Germany and the Great Britain.(58)

The leaders of the KMT realised that to meet the foreseeable threat of the PLA and to overcome the difficulties of obtaining advanced defence equipment, Taiwan had no alternative but to develop a self-sufficient defence system. The KMT has determined that the modernisation of Taiwan's defence system should be the first priority, although Taiwan's defence industry was unable,

and it was in effect unnecessary, to outproduce the PRC in terms of quantity. The KMT believed that their military capability should, at least, match the PLA in the quality of its weapons and be superior in the training of its military personnel. Taipei decided to pursue a military strategy of a "strategically long-term and tactically quick-ending" policy, i.e., to build an elite strong force, and to ensure its readiness to take on the PLA.(59) Following its economic development, Taiwan decided to increase, at what ever the cost, its military ability to deter the PLA from a military adventure. Since Sino-US diplomatic relations were normalised in 1979, the KMT has redoubled its efforts on national defence. The defence budget of the ROC government in Taiwan for 1988-89, for instance, came to US\$6.7 billion, and this was almost US\$ 1 billion more than the PRC's military budget in the same fiscal year.(60) If all defence-related expenditures are taken into account, the defence allocation reached about 52% of the Taiwan government's US\$ 20 billion budget. On a per capita basis, the island's defence spending is around US\$ 200 compared to the PRC's US\$ 6. Taiwan had and still has one of the highest defence expenditures of any country in the world. As Taiwan's GNP is only one-tenth the size of the PRC's, the KMT is clearly prepared to spend a great deal on defence and to show its determination not to compromise with the PRC.(61)

Such obvious preference given to high defence priority so as to check possible PRC military action is based on the KMT's perception of an unabated threat. When questioned by opposition legislators whether it was a wise policy to increase Taiwan's defence expenditure while the PRC was not only planning military reforms e.g. reducing by 1 million troops and decreasing military

deployment in Fujian areas, but also proposing to Taiwan a peaceful settlement their disputes, the Premier of the ROC government, Yu Guohua, rebuffed any suggestion of cutting the huge military budget. (62) To the Nationalists, maintaining a high budget allocation on defence is indispensable for survival. The peaceful proposal of One Country Two Systems did not decrease the Taiwan's military spending at all.

3. Planning to Build Nuclear Weapons

As Taiwan's military policies have only defensive objectives and have only to consider deterrent effectiveness, developing nuclear weapon could be a very tempting option. Since Taiwan's archenemy, the PRC, possesses nuclear weapons, and has threatened to use military force against Taiwan, would the ROC on Taiwan be justified in having nuclear weapons? Furthermore since the 1968 Nuclear Non-Proliferation Treaty signed by the US and the former Soviet Union guaranting non-nuclear nations protection from those with nuclear weapons has not been signed by the PRC, (63) and since none of the nuclear powers recognises the ROC diplomatically, is Taiwan protected by the treaty? These two questions are often raised with regard to Taiwan's self-defence strategy.

In respect of the first question, the answer is obviously "no", although Taiwan has the technology and money to build nuclear bombs, and, indeed, until 1988, did secretly develop nuclear weapons. However, in early January 1988, Chang Hsianyi, the Vice-director of the Institute of Nuclear Energy Research at Longtan, Taiwan, mysteriously disappeared. Few days later, the US government confirmed that Chang had safely left Taiwan for America with

documents of Taiwan's nuclear projects.(64)The KMT government was embarrassed and in great wrath over the incident as it had always denied that the ROC had any plan to develop nuclear weapons. In the end, Taipei abandoned its nuclear programme at Washington's behest.(65)

In terms of the second question, indeed, no one can be assured that Taiwan is under US nuclear protection. However, Taiwan may not need nuclear weapons for defence. Should Taiwan develop nuclear weapons, it would certainly provoke Beijing and hamper the US-Taiwan relations, in particular, the PRC has promised that it will uphold the principle of no first use of these destructive weapons. In fact, Taiwan's pursuit nuclear weapons could actually provide an opportunity for the PRC to take military action. Most importantly, it would discredit the KMT government's efforts to win over the international community to support Taiwan's political cause, the main point of which seem to be to refuse Beijing's reunification offers.

D. ONE COUNTRY TWO SYSTEMS AND TAIWAN'S POLITICAL DEVELOPMENT

It would be inaccurate to say that Taiwan's political development in recent years was due entirely to the repercussions of the policy of One Country Two Systems. However, like the exercise of political democratisation in Hong Kong, the progress of Taiwan's political modernisation would certainly re-shape the meaning and contents of the PRC's strategy for reunification.(66)

The changes in Taiwan's politics in the past decade, were remarkable, especially after 1986. The autocratic "dynasty" of the Chiangs had finally ended following the death of Chiang Chingkuo in January 1988. After forty years of authoritarian rule the KMT was at last forced to accept some compromise with the opposition. The forty-year-old decree of martial law was lifted. The prohibitions on the formation of political parties and on the publishing of new newspapers was dismantled. The "Long Parliament" which enabled the KMT to dominate, with political power exclusively in the hands of mainlanders, has been phased out. And most significantly, the KMT has granted permission to the people of Taiwan to travel to mainland China. Apart from internal political pressure, these new political measures were, to a great extent, directly or indirectly, related to the PRC's peaceful proposal. In other words, the development of Taiwan's democratisation is interlocked with the policy of One Country Two Systems.

The PRC's changing policy towards Taiwan in the last decade has offered an opportunity, which allows the KMT government to opt for a reform programme. Beijing's initial proposal has, on the one hand, stimulated the KMT leaders into pursuing reform and democratisation faster, in order to justify their rejection of peaceful talks, to draw the attention of the outside world and to widening the gap in economy and politics between the mainland and Taiwan. On the other hand, any subsequent success of the reform will reduce political pressure from the opposition inside Taiwan. The opposition groups have been using the ideas of plebiscite and Taiwan independence to challenge the KMT, and to prove its incompetence in handling external relations and the unification issue. (67) The KMT has been aware that political reform would be

the best way to resist Communism from the mainland and separatism from inside Taiwan.

Throughout the four decades of its rule in Taiwan, the KMT has confronted with a dilemma: it could neither give up its claim to sovereignty over mainland China, nor openly support Taiwan independence. As the former Chairman of the opposition party, Huang Hsin-chieh, pointed out: "For the past 40 years, there has been one thing our government always talked of but has never done anything about, that is 'Mainland Recovery', and there is one thing it has always been pursuing but never dared to speak about, that is 'Taiwan Independence.'" (68) Huang's comment, of course, was meant ironically, to show how absurd are the excuses the KMT has made for ruling Taiwan undemocratically. He did not actually mean that the KMT has practically endorsed Taiwan independence.

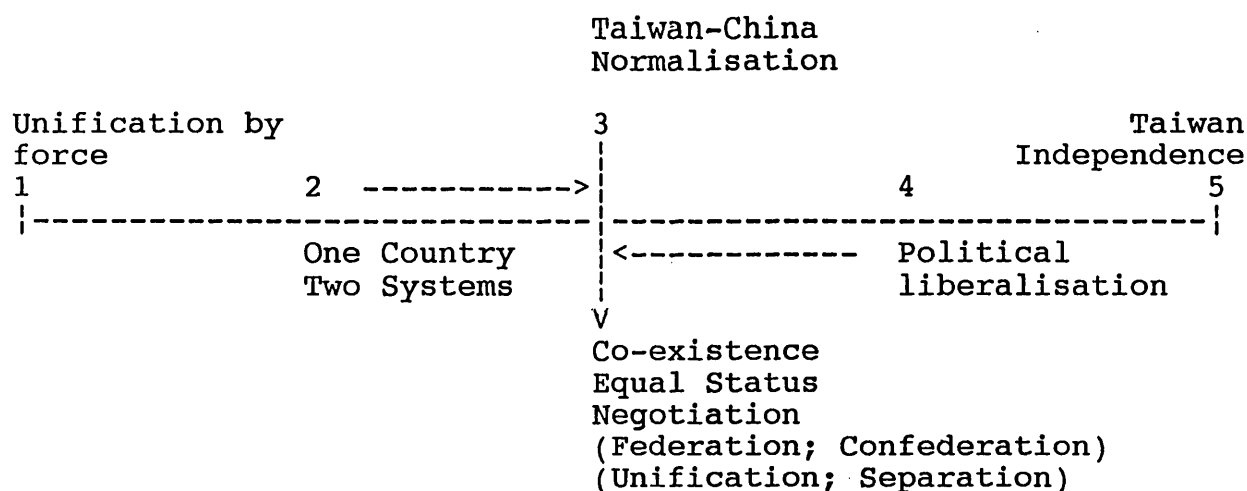
The reform granted in Taiwan after 1986, has simultaneously emphasised two main points: the so called internal democratisation and the open door for travellers to the mainland. These two synchronised steps of liberalisation, have been taken in "symmetrical action" by the KMT regime, because the dilemma that of "no unification, no separation", must be tackled simultaneously, otherwise, the conflict of interests among different sub-groups, which separated the Taiwanese from the mainlanders, would paralyse the KMT's power functions. (69) If the government were inclined only to domestic political democratisation, it would immediately face a challenge to the legitimacy of the regime on Taiwan. The majority i.e., the Taiwanese, undoubtedly would no longer tolerate the prolonged undemocratic political structure, and the KMT, however reluctantly, would have to review the vitality and legality

of the Constitution which has long been ridiculed as the writings of a Rip Van Winkle (the KMT's Blue Print for Mainland Recovery). Should the Taiwanization of the KMT be completed too hastily, the conservatives and the military would, most likely, intervene in Taiwan's internal politics, and an unstable situation would become inevitable. On the other hand, if the KMT merely considered the interests of the minority i.e., the mainlanders, and opened the door for those who were longing to visit their relatives on the mainland, the KMT regime might still be regarded by the local Taiwanese as an evil refugee government. The Taiwanese have been particularly apprehensive that they might one day be betrayed by the KMT, while it and the CPC make a deal behind closed doors.(70)

The KMT leaders' real expectation was that the reform would extend their domination of politics in Taiwan. However, due to changes in the socio-economic conditions, the well-educated local elite has decided to acquire new concepts of the role of politics in their lives and new goals for which they may strive.(71) On September 28, 1986, before the KMT officially lifted Martial Law and the ban on forming political associations, 283 anti-KMT activists established a new political party, the Democratic Progressive Party. Instead of suppressing it, the KMT was then forced to change its long-held policy of "no party outside the Party, no faction within the Party", and has had to tolerate the formation of the new party.(72) The name of the DPP was a compromise. Originally the opposition leaders planned to name the new party "the Taiwan Democratic Party". However, both the KMT and the CPC have repeatedly threatened that any person overtly supporting Taiwan independence would be destroyed by "all proper means".

Therefore, in order to avoid a premature clash with the government and over-provoking the PRC, neither the word "Taiwan" nor "China" was used. Perhaps this was a symbol of real "progress" in Taiwan's politics.

Many people, including the KMT and the DPP leaders, believe that the best relationship for Taiwan and mainland China in the foreseeable future would be to retain a situation of non-unification. But changes in international factors and internal politics have compelled the people in Taiwan to realise the needs of further conciliation (normalisation) of Taiwan-China relations. Despite the attitudes and intentions towards bilateral relations are, as yet, far from reaching a consensus agreement, the variations of opinion could be illustrated as follows: (73)



Judging from the above spectrum, one can see that unification and independence are the two extreme solutions. The more the PRC emphasises the issue of unification, the more tension and anxiety emerge in Taiwan. The voice of Taiwan independence was, by and large, a reaction to anxiety about political exploitation and coercion. When the PRC offered the policy of One Country Two

Systems to solve the issue, the people of Taiwan responded more actively than the government of the KMT, and eventually forced the authorities to take the conciliatory measure of granting political liberalisation. As a consequence, limited contact with the PRC has been achieved. Since 1987 many non-governmental or semi-official relations have developed, even though the model of One Country Two Systems was known to be unpopular with the people of Taiwan. The tendency of Taiwan/China relations has already been made clear: should the PRC further moderate its measures towards Taiwan, the people of Taiwan would show themselves more amicable and the solution of the Taiwan question could become easier. By extending mutual respect, for example, by recognising the right of Taiwan to co-exist with the PRC and to enjoy the same status in the international community, it may be possible later to reach a situation of total reconciliation. In fact, more and more people consider that the models of confederation or federation to be the alternatives for One Country Two Systems proposal.(74)

Further possible non-compulsory ways of amalgamating two political entities or social systems have been discussed in the academic field. The functionalist theory has provided a profound rationale, having turned the governmental and non-governmental sectors' attention to economic development.(75) Nations, in the last decades, sought to establish either national unification, domestic stability, or military security, seem uniformly ready to embrace material progress through active membership in the world economy. If this hypotheses is supported by fact, then the emerging atmosphere of economic fusion could positively enhance the relations between Taiwan and China. Despite the setback caused

by the Tiananmen Square incident, the economic reform and open-door policy of the last ten years, had certainly strengthened the tendency of reintegration of the PRC's economic regions. If the functionalism develops further, the general international environment in the area will encourage the PRC to pursue economic interests. At the same time, the continuing stability of military and political conditions and retaining of the status quo of non-unification may be more attainable.

Indeed, one should not neglect to point out that there is no political interest or reason for the people of Taiwan to support the notion of reunification. When Taiwan has eventually achieved its goal of democracy, a representative government might positively respond to the China's offer regarding future Taiwan-China relations. However, if Chinese leaders still insist on eventual seizure of Taiwan, then they may both ruin the island and destroy their long dreamed aim of China's reunification. As the Chinese philosopher Lao Zi said 2,500 years ago, "Ruling a big country is like cooking a small fish, too much handling will spoil it".

FOOTNOTES AND REFERENCES

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6. In response to Deng Xiaoping's talk at the 3rd Plenary Session of the CPC Central Advisory Commission, (see Renmin Ribao, Jan.1, 1985), the KMT issued the counter-claims made by Chiang Chingkuo, Zhongyang Yuekan[Central (Monthly) Supplementary], Taipei, Feb. 1985, Vol. 15, No.2, PP. 8-10.
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CHAPTER 8 : CONCLUSION

Over the past decade, the PRC's policy towards reunification with Taiwan has changed both in principle and in application. The impact of the One Country Two Systems policy on the Taiwan issue has been conspicuous in these changes. Since the policy was proposed, tensions between Taiwan and mainland China have reduced significantly. The initiative also symbolised a new mutual understanding over the Taiwan issue between Beijing and Washington in the post normalisation period. More evidently, it enabled China to settle the issues of Hong Kong and Macao in a peaceful manner. The One Country Two Systems formula has, indeed, been a strategy of the PRC's internal, as well as external policy, towards national reunification in the 1980s. Of the possible futures for Taiwan, and the policy options available to mainland China, it seems obvious that Beijing's current policy of One Country Two Systems has a deep impact on the situation in East Asia and in the Taiwan Straits in particular. Though this peaceful initiative has so far failed to produce a final settlement of the Taiwan issue, nevertheless, both the PRC and the ROC governments are slowly working out mechanisms for increasing contacts, and it behoves Beijing to remain positive on the reunification issue. In this conclusion, apart from summarising the prime arguments of the study, the problems of Taiwan-Mainland relations under the new trend of developments across the Straits, will be considered.

The PRC has repeatedly argued that it has every right to gain control over Taiwan, using such reasons as: Taiwan is an insepar-

able part of China; the people of Taiwan are patriotic and have an earnest desire to reunite with people on the mainland; and the issue is an internal affair. All these reasons have often been applied by the PRC to back-up the One Country Two Systems policy. However, many contentious problems, as revealed in this research, indicate that the controversial Taiwan issue is more complicated than Beijing has suggested, and is more difficult to solve than the PRC would anticipate. In other words, Beijing's stated position has to be distinguished from the actual facts entangling the Taiwan issue. The One Country Two Systems policy, Beijing has argued, is the best, if not the unique, way to settle the difficult issue of Taiwan. From the point of view of the Taipei authorities, however, the policy is no more than a bauble, if not purely a ploy, and credible neither to the Chinese people on either side of the Taiwan Straits, nor for the aim of national reunification. In reality, as the study concludes, this policy reflects a new battle in the long war of (a). intranational antagonism between the two regimes of the PRC on the mainland and the ROC in Taiwan; and (b). international contentions over how to peacefully solve the Taiwan issue. It is a distinctive paradox that, after a decade since it was first proposed, it is void of results (in terms of China's reunification), but full of consequences (in terms of domestic and external reconciliation).

The question of Taiwan is compounded of historical, domestic, international, and ideological factors. After having examined these factors in the analytical framework of the four arenas, it becomes apparent that the fundamental problem is the insuperable intransigence of the PRC, the ROC, the local Taiwan inhabitants,

and the international powers. Any overture proposed for the peaceful settlement of the dispute will inevitably have to deal with the interwoven particularities of these thorny issues and the intricate conflicts of interest among the parties involved. The five "issues", argued in Chapter one, are still the most obvious problems of the Taiwan question. In applying the policy of One Country Two Systems, the PRC has tried to play down these crucial problems, but the inherent difficulties will ultimately have to be confronted.

The PRC argument that Taiwan is an inalienable part of China is historically weak. Till the late 17th century, Taiwan developed its own history, little influenced by China; rather, the aborigines and the European colonial powers played the key roles. The Chinese from Fujian and Guangdong who, over the centuries, crossed the Taiwan Straits and settled on the island, harboured no particular political desires.⁽¹⁾ Like those millions of emigrants who went to South-East Asia and other parts of the world, they were merely looking for a place to earn a better living. The majority of people in Taiwan are culturally Han Chinese, but after having suffered from maladministration under the Manchus, enduring half a century of Japanese colonial rule, and a further four decades of separation from China in the post World War II period (except in 1945-49), a sense of opposition to rulers from outside, i.e. a proto-type of nationalism (separatism) perhaps, has increasingly emerged in Taiwan. While proposing the idea of One Country Two Systems, Deng Xiao-ping emphasised that the history of Taiwan should not be neglected. The dilemma confronting Beijing, however, is that the historical record does not support the claims made by the PRC for sovereignty over Taiwan. On the contrary, it suggests

that the island is not quite a piece of China's inalienable territory: it would be more appropriate to say, it is an unsettled frontier of China.

After the PRC was established, Beijing constantly swore to liberate Taiwan by force; and this was completely different from the previous policy of the CPC which had supported Taiwan independence. Before the Nationalists retreated to the island, the CPC's position towards Taiwan amounted, in effect, to what might be called "One System (Communism) and Two Countries (Taiwan and China)". When Chiang Kai-shek decided to move his defeated government to Taiwan, the unfinished Civil War was extended to the Taiwan Straits area. The leaders of the new PRC determined to rid themselves of the KMT remnants, and its Taiwan policy changed accordingly, from support for a separate Taiwan nation to that of a new policy, the goal of which was the inclusion of Taiwan in what might be called "One Country (the People's Republic) and One System (Communism)". The PRC's peaceful proposal after 1979, which has been articulated in the phrase of "One Country (the PRC) Two Systems (Capitalism and Socialism)", becomes the Communists' third adjustment to settle the issue between the mainland and Taiwan.

Initially, the One Country Two Systems policy was conceived as a solution to the Taiwan question, but it was first applied to settle the Hongkong and Macao issues. The original meanings of the policy were enshrined in official documents and the speeches of PRC leaders made during the past decade. Most notably, Article 31 of the Constitution revised in 1979, Marshal Ye Jianying's "Nine-Point Proposal" and Deng Xiaoping's "Six-Point Assurance" were unprecedented measures for such a Socialist country as China

overtly to accommodate to the Capitalist system. The concepts of One Country Two Systems are ideologically unorthodox for the the CPC, and certainly represent an imaginative creation for laying claim to sovereignty over territories which are not under the PRC rule.

The settlement of the Hong Kong and Macao issues marked a pivotal point of the One Country Two Systems policy. No longer was it a theoretical initiative for reunifying China: it became a feasible policy for national reunification. The concrete contents of Beijing's Agreements with London and Lisbon, imply a viable structure for the co-existence of the two adverse systems of Capitalism and Socialism. The policy implementation indications of these Agreements have also given a new importance to foreign relations between the PRC and its counterparts involved in disputes with China over territorial integrity. Although the issue of Taiwan remains substantially different from the Hongkong and Macao problems, the One Country Two Systems solution already provides a living example for the future settlement of the Taiwan issue. Substantially, Beijing has stated that negotiations should be conducted on a Party-to-Party basis and that Taiwan should enter the PRC as a "Special Administrative Region", but continue its existing political, economic and social system, its external relations with quasi-diplomatic character, and even retain its own army, for a period of no less than half a century.

In the 1950s and 60s, the Taiwan problem was a main subject of Sino-US confrontation and a barometer of the interactions between Beijing and Washington. During the contentious years of the Cold War period, both peaceful and non-peaceful measures were

considered by the PRC leaders to solve the Taiwan issue, but neither the US nor the KMT would give up Taiwan. There were two hot crises that led Beijing and Washington to the brink of war. Nonetheless, the prolonged tension, or as it could perhaps be considered, a mutually understood stand off, was maintained in the area. In the late 1960s and early 1970s, international politics changed drastically. Due to the Sino-Soviet rifts and the growing Soviet military threat, the PRC leadership perceived that the USSR had replaced the US as China's prime enemy, and a US-China rapprochement would serve the PRC's strategic interests. The US also realised that to "play the China Card" to offset Soviet military ambitions was becoming not only possible but necessary. The Sino-US reconciliation, therefore, was put in train. Because the global strategic issues had become more salient, the question of Taiwan, though still remaining a main obstacle to the improvement of relations between the PRC and the US, became less significant and was temporarily put aside. However, by the time the Sino-US normalisation was accomplished on January 1, 1979, a tacit mutual understanding that China would settle the Taiwan issue without resort to the use of force was reached by both sides. In return, the US would not directly challenge the PRC claim to sovereignty over Taiwan. To a large extent, the proposal of the One Country Two Systems policy is a new strategy of the PRC in response to the international consequences of the 1970s.

From the early 1980s, Sino-US relations underwent a number of complex changes. In 1981 - 1982, Washington considered setting up strategic cooperation with Beijing, in order to check the military expansion of the USSR. But due to many shifts occurring in the Washington-Moscow-Beijing tripartite relationship after

1983, the need for a Sino-US strategic alliance diminished, and the issue of Taiwan in Sino-US relations was also affected. In response to the policy of One Country Two Systems, the US had maintained, throughout the 1980s, a positive attitude, while still up-holding some fundamental principles: it would not play any role as mediator in China's unification; nor would it force Taipei to negotiate with Beijing. More importantly, America would not support a specific outcome of China's unification, but might act to ensure the peaceful resolution of the issue. Because of this steadfast stance, Beijing still thinks that a potential US intervention in the Taiwan issue is the greatest obstacle to the aim of recovering the island.

As has been discussed, the KMT, trapped by its own political system in Taiwan, repeatedly refuted the coaxing tactics of the Communist peaceful initiative in the early 1980s. However, the "Three Noes" policy in the face of Beijing's blandishments appeared over-defensive at first, and self-defeating later. While the KMT vigilantly defended its policy of refusing contact, compromise and negotiation with the CPC, a substantial number of people in Taiwan were motivated to travel or expand business in China by nostalgia, curiosity or profit seeking. Although the KMT kept harping on the unreliable nature of the Communists, Taipei finally dropped its policy, rigidly held for nearly four decades of banning any one from setting foot on the mainland. The fast increasing two-way trade across the Taiwan Straits and the roaring success of the family-reunion activities forced the KMT to be more open and more positive in its mainland policy. The so-called "Mainland Fever" (Dalu Re), with its increasing momentum of

contact with the mainland, an unstoppable initiative from ordinary people, became an epidemic in Taiwan. (2) Not until the bloody suppression of the demonstrators in Beijing in June 1989 could the government in Taipei persuade its people not to overdo the rush to the mainland. It is hard to believe that without such a policy as One Country Two Systems, the above-mentioned changes would ever have been possible.

Other than the fast development of personal contacts and trade links between mainland China and Taiwan, the strengths of the new reunification policy of the PRC had an immense impact on internal politics on Taiwan. Under the challenge of Beijing's peaceful initiative, Taipei worked hard to avoid being depicted as inept and inert in handling the national reunification issue. However, the anti-KMT activists among the people of Taiwan who have long claimed that the island is being undemocratically ruled by the KMT, argue that Beijing's unification overtures do not consider Taiwanese political rights, nor respect their wishes. Warnings were also given by these people that the One Country Two Systems arrangement would either merely prolong the minority rule of the KMT, or lead to the betrayal of the local residents by the two parties, since the Chinese Communists are only interested in dealing with the Nationalists. To resist pressure from the PRC and to ease the internal antagonisms, Chiang Ching-kuo, then the President of the ROC, launched a major political reform in 1986. To gain leverage, the reform has not only been pursuing a policy of Taiwanization (allowing the KMT to seek support from the grass roots in Taiwan), but more importantly, it seeks to widen the differences in the economic and political systems of Taipei and Beijing, so that the One Country Two Systems policy becomes less

attractive. Although the PRC might not have foreseen that its initiative for China reunification would accelerate political democratisation in Taiwan, yet, this has been another consequence of the One Country Two Systems proposal.

The Tiananmen massacre on 4th June 1989 marked a serious setback for the PRC's internal politics and external relations. When the tragedy occurred, the Taipei authorities felt vindicated in their rejection of Beijing's overtures for reunification. If, unlike the Communist regimes of the East European countries and the USSR which have rapidly collapsed in the past few years, the CPC can retain power, then the formula of One Country Two Systems will, in the foreseeable future, be maintained as China's official policy towards reunification with Taiwan. However, under changing world circumstances and with the situation between mainland China and Taiwan still deadlocked, four serious difficulties of the formula are apparent.

First, there is no reason to be sceptical about the repeated protestations of successive leaders in Beijing that they regard reunification as a sacred duty, and would even contemplate force to accomplish it if peaceful means were thwarted. However, the longer the One Country Two Systems policy is being advanced as the favoured option for national reunification, the less likely becomes any attempt by the PRC to impose a solution by force. In particular, as the unpopularity and vulnerability of the government of the PRC has been clearly revealed by the need to resort to bullets to control civilians, strong doubt has been raised in Taiwan (as well, indeed, as in Hong Kong and Macao) as to whether peaceful reunification will bring the people a peaceful life.

Since the massacre, Beijing has consistently argued that it does not contemplate the use of force against the people of Taiwan, but that, by retaining the option of the use of force, it seeks to ensure that Taiwan will not be taken over by foreign powers.(3) Yet, unless Beijing formally announces that the army will not be used, promises of non-interference under the arrangement of One Country Two Systems will appear hollow and the KMT will continue to challenge the PRC's sincerity with regard to peaceful reunification. Moreover, since the KMT terminated the so-called "Period of National Mobilisation for Suppressing Communist Rebellion", signifying its determination not to use force in the process of settling differences with the CPC, it has demanded a similar renunciation by Beijing. But, the PRC is fully aware that open renunciation of its military option towards Taiwan, would mean "the extraction of tiger's teeth". "It is obvious that some elements in Taiwan are opposing us with foreign encouragement, and we must not tie our hands when tackling the issue", was Deng Xiaoping's bellicose response to the demand for abandoning the use of armed force.(4) Nevertheless, it is awkward for Beijing to commit itself to a peaceful solution while still avowed to war with Taiwan.

Second, as the KMT perceives that the device of One Country Two Systems is more than a mere ploy, they appreciate that, should they negotiate with the Communists on the proposal, the Nationalists could write themselves out of history. Taking the 1989 popular uprising as the greatest propaganda opportunity, the KMT's media could not resist gloating that the ROC achieves unprecedented prosperity in Taiwan under a system guided by Dr. Sun Yatsen's Principles, while at the same time, the mainland

under the Communist system has totally failed both in politics and economy and the CPC has been seriously humiliated by its own people. The government in Taipei, headed by President Li Denghui, taunted "the Communists have pledged that the so-called One Country Two Systems policy will be sustained for at least fifty years, but the people on the mainland might not tolerate the Communist regime for another five years or even five months. How can the CPC inspire our confidence in its promises ?".(5) In the past two years, Taipei has tried hard to work out a more positive proposal for its mainland policy. The fundamental positions of such a policy include: a). One China, Two Areas, Two Political Entities; b). Peaceful and Democratic Reunification of China; and c). The timing and format of reunification must first respect the rights and interests of the Taiwan people and safeguard their security and welfare.(6) On the face of it, this proposal is a revision of the PRC's formula of One Country Two Systems. However, there is one essential point: the KMT still insists, in effect, that it is the legitimate government of China, while at the same time, allowing that the Beijing regime could be accepted as a political entity which controls the mainland area. In other words, Taipei has suggested a "one country two political entities in two areas" concept based on a pragmatic characterisation of the political reality across the Taiwan Straits, while allowing sufficient "creative ambiguity" for each side to live with.(7) But Beijing views this as a move in the opposite direction from the one which the CPC wants. The leadership of the PRC regards with particular suspicion this "Taiwan reality" policy of paying lip service to the idea of "One China", while vigorously seeking new grounds for indefinitely postponing national reunification.

However, it seems that, by making this counter proposal, the KMT has seized the initiative over the ramification issue.

Third, the political liberalisation in Taiwan, first started in 1986, has become an irreversible process. Especially after the death of Chiang Ching-kuo, political reforms put forward by Li Denghui, have speeded up. The Constitutional link with the mainland will be seriously weakened, since the KMT government has promised that all the surviving mainland-elected representatives of the National Assembly and the Legislative Yuan will have to retire and be replaced by new, locally elected deputies.(8) As the KMT prepares its final session of Taiwanization, the opposition party(the DPP) increases its pressure to opt for independence and to aspire to a seat in the United Nations, making these the two main issues in Taiwan's current politics. To the PRC, the issues are seen as being in opposition to the One Country Two Systems policy, because they signify that Taiwan will not acknowledge Beijing as its central government, nor should any other power act and speak for the inhabitants of Taiwan in international bodies.

The last point is perhaps the most important. The collapse of the Soviet Union has dramatically reduced Beijing's ability to play off Washington against Moscow as contending corners of what was once regarded as a strategic triangle. With the diminishing number of Communist regimes elsewhere in the world, the leaders in Beijing are having tremendous battles to resist the so-called "Peaceful Evolution" (Heping Zhuangbian). The catch-phrase, which is synonymous with de-Communistation, has haunted the Chinese Communists like a nightmare. Since the 1989 crackdown, the term "Peaceful Resolution" applied to the Taiwan issue under the One

Country Two Systems policy has been mentioned less often than "Peaceful Evolution", seen as encouraging China to follow the East European nations and the Soviet Union and shake off Communism. A specific result of the PRC's loss of international options caused by the demise of the Communist regimes, is the loss of opportunities for China to squeeze Taiwan out of a role in world affairs. Taiwan has already benefited from the collapse of Communism, with a steady stream of visitors from the former socialist bloc and the opening of semi-official trade offices. The major premise of One Country Two Systems policy is based on the view that Communist ideology is viable in a vast socialist society, and that the Capitalist system in Taiwan and Hong Kong would eventually be Communised. But, the crumbling of Communism turns out to be an impediment to the PRC's plan of using the policy of Two Systems in One Country as a stepping stone to transform Capitalist society into main-stream Socialism. In other words, the so-called "International Big Atmosphere" (Guo Ji Da-Qihou) (9) has shown its unfavourable weathers: in terms of external influence on China's national unification, Beijing might have to endure another long winter.

Finally, a Taiwan folk legend might aptly sum up this study. Once upon a time, the island was ruled in turns, by two ferocious dragons: a "Water Dragon" from the south, and a "Fire Dragon" from the north. They were completely different in colour, size, and character. Yet, they had one thing in common: when the dragons got upset, disasters and calamities would befall the island. This legend reflects some truth in reality. In the four hundred years recorded history of Taiwan, the two sorts of catastrophes most frequently afflicting the inhabitants were floods, caused by the

seasonal monsoon typhoons bringing heavy rain from the south; and death, caused by war or massacre that often involved China from the north. As the research has revealed, the 1980s was an unusual decade; for the first time, the PRC was prepared to moderate its attitude, and Beijing expressed its lukewarm friendship through the proposed formula of One Country Two Systems. The people of Taiwan may not accept this proposal for reunification. They must, however, learn how to avoid annoying the "Fire Dragon".

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recently, both North and South Korea, simultaneously, gained seats in the United Nations (which led to Beijing's formal recognition of Two Koreas); and the US reversed its ban on the sale of the FX fighter jets to Taiwan. All these have been interpreted as factors negatively affecting Beijing's plan for national reunification.

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CORRECTIONS

1. Page 2, line 38, has continued to fall.....
2. Page 26, line 19, While as
3. Page 43, line 10, (i.e., with the U.S.) over Taiwan,
4. Page 61, line 4, Shimonoseki Treaty, signed in April 1895,...
5. Page 66, line 21, Marshall
6. Page 71, line 1, share, somewhat, a similar.....
7. Page 71, line 15, country
8. Page 106, line 23, maintaining
9. Page 108, line 13, adjustments
10. Page 109, line 25, representative
11. Page 122, line 8, the fact" and
12. Page 133, Footnote 1, line 5, Hsiao Hsin-yi, are transcribed in Beijing as Xiao Xinyi, see Bibliography, page 322.
13. Page 143, line 3, Efforts made by the PRC.....
14. Page 226, line 20, ...the problems which caused the third...
15. Page 258, line 28, reciprocal
16. Page 265, line 17, delegates
- 17, Page 298, lines 20-21, ... a decade after it was first.....
- 18, Page 319, line 36, Taisheng (Voice of Taiwan)